

**HM Revenue and Customs
Registration for Self Assessment Online
in 2006**

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1. Executive summary

This summary will present the key findings from the SA Online Registration survey conducted by BMRB on behalf of HMRC. The survey was commissioned to evaluate the registration process for SA Online, building on previous research carried out by BMRB in 2003/4. The overall aim of the survey was to '*generate findings on the customer experience of the SA Online Registration Process*'. Conclusions and recommendations based on the research findings are presented in Chapter 8 of the report.

1.1 Background to SA Online

Improvements have been made to SA Online over the last 2-3 years. Firstly the registration process has been updated significantly. A greater level of online help has been added answering frequently asked questions and explaining exactly what pieces of information the registering taxpayer needs to input at each point. Better signposting has also been added to the process. A progress bar at the top of the screen indicates how many of the steps in the registration process have been completed and it has been made clearer up-front what information you need to hand in order to register.

Taxpayers still need several pieces of personal data to register and still need a User ID, Activation PIN and password before they can access SA Online.

SA Online itself has also been updated significantly. The online tax return remains largely unchanged but registered taxpayers can also access the following services:

- 'Submit' – the online tax return
- 'Liabilities and Payment' – including online statements
- 'Self-serve' – including changing personal details
- 'Customer Services' – including communicating with HMRC by email and receiving emails in a secure inbox on the website
- 'Pay' – make payments online

1.2 Survey Methodology

A sample of SA taxpayers who had not previously registered for SA Online was interviewed between January and February 2006. The main purpose of the survey was to research taxpayers who had started to register and conduct an interview with them about the registration process. The research picked up two important sub-groups: Those who had completed the registration process and were able to use SA Online (the new users) and those who had started to register but had not completed the process (partially registered taxpayers).

In addition a sample of taxpayers who still hadn't started to register (non-users) was interviewed. These non-users took part in a short survey which was used to profile who they were and what was stopping them from using SA Online.

1.3 Definitions of Key Groups

There are three key groups used within this report defined as follows:

New users

New users were taxpayers who, according to HMRC records, were not registered to use SA Online prior to May 2005 but had completed registration by the time of the research. In order to count as a user a taxpayer had to be 'registered and able to use SA Online services'.

Partially registered

Partially registered taxpayers consist of SA taxpayers who were not registered for SA Online prior to May 2005 but had started the registration process at some point in the past. Partially registered taxpayers had not completed the registration process and were unable to use SA Online services.

Non-users

Non-users were taxpayers who remained unregistered for SA Online at the time of the research. This group consisted of SA taxpayers who had never even started to register for SA Online.

1.4 Levels of new registrations

HMRC are aiming for 35% of all SA taxpayers to be filing online by 2007/8. According to figures from the beginning of 2005 the total number of individual SA taxpayers who had not registered for SA Online was 3,000,000. At the time of the survey these taxpayers could be broken down into the following groups (listed in order of interest to SA Online):

- 22% had not used the Internet – suggesting around one in five will not use SA Online at any time in the near future
- 33% were Internet users but had never visited the HMRC website, and a further 59% were Internet users, but had never visited the Government Gateway website
- 23% had visited one of the websites but had not made an attempt to register for SA Online
- 21% had started to register at some point in the past
- 11% were 'new users' - had completed registration
- 10% were 'partially registered' - had tried to register but did not complete the process

This equates to 650,000 SA taxpayers starting to register for the first time and 350,000 going on to complete the process and become full users of SA Online. Current HMRC estimates indicate that a total of approximately 700,000 individual unrepresented SA taxpayers filed their 2004/5 tax return online. The proportion of incomplete / partial registrations seems to be dropping. Around half of attempted registrations ever made were not completed which is the same as it was in 2003/4. However, looking just at SA taxpayers who had started to register in the 12 months prior to the research, 69% were new users (had completed registration) and 31% were partially registered (had tried to register but not completed the process).

1.5 Before registration

Even among non-users awareness of SA Online is at saturation point. Taxpayers who had started to register most commonly said they had been sent or heard about SA Online from HMRC literature. This includes: The SA

tax return; HMRC leaflets or letters and other HMRC documents. Around half (55%) said they had found out about SA Online through one of these channels. A smaller number had found out via the HMRC website. The findings suggest promoting SA Online through existing channels of communication with taxpayers has been very effective. Around one in three (29%) said they had seen or heard about SA Online on a TV Advert. This suggests that HMRC campaigns in recent years have also been effective at promoting SA Online.

1.6 Perceived benefits of registering for SA Online

Before registering, the most frequent perceived benefits of registering for SA Online mentioned by taxpayers were quite generic. When prompted, 92% of all taxpayers who had started to register said they thought it would be 'more convenient'; 88% said they thought it would 'save time'. A significant proportion also mentioned the automatic tax calculation as a benefit (77%) and 54% mentioned getting a receipt when the online tax return had been received. They were less likely to mention any of the other functions or services available through SA Online.

New users were more likely than those who were partially registered to mention the specific functions of SA Online as a benefit. A significant number mentioned: the receipt when the online tax return had been received; being able to submit a tax return later in the year and; the additional services that SA Online offers.

This may reflect higher awareness of these types of benefit among those who had actually used SA Online before the interview. However, it is possible that awareness of the range of SA Online Services available also acted as a catalyst to complete registration.

Other less frequently mentioned benefits included saving money by filing online (presumably through postage) and saving paper / it being more environmentally friendly. While these are probably quite minor benefits,

HMRC may wish to explore whether they could be used as peripheral selling points.

Awareness of the additional services before registration was moderate. Around a half of all taxpayers who started to register were aware of: email notifications when a tax return or payment had been received; changing personal details online; making payments online and; asking questions via a (limited) email service. Awareness was much lower for the secure inbox which is available through SA Online; viewing statements / liabilities online and; text message notifications.

Taxpayers who started to register were also asked which of the services they had intended to use before they registered. Nearly a quarter (23%) said they hadn't intended to use any of the services or 'didn't know'. The services taxpayers had most commonly intended to use were the ones they were most aware of: email notifications when a tax return or payment had been received; changing personal details online; making payments online and; asking questions via a (limited) email service. Over a quarter (27%) had intended to use the email notifications – suggesting this is a key benefit of registering for a significant number of taxpayers.

1.7 The Registration Process

Two thirds of those who had started to register said the process was easy with a quarter saying it was difficult. However, one in ten (9%) said the process was 'very' difficult suggesting there is still considerable room for improvement.

Taxpayers who had started to register for SA Online were asked to compare the registration process with the registration process for online services they had also experienced (such as online banking). One in five new users said SA Online was easier than other registration processes they had experienced, while 42% said it was about the same. However, around three in ten said it was a lot or a little more difficult. On balance the registration process for SA Online is seen as more difficult than other similar processes. We must

acknowledge that taxpayers may have been making comparisons with registration for relatively services (e.g. for online shopping) rather than online banking which requires a more comparable level of security to SA Online.

Overall rating scores for the registration were all linked to three main factors:

- Age – older taxpayers gave the process lower ratings
- Success – partially registered taxpayers (who did not complete the process) gave lower ratings than new users.
- Timing – taxpayers who started to register most recently were the most positive about the registration process.

Taxpayers who started to register in the last year were more positive than those who had started two or more years ago. This suggests the registration process is becoming easier and more understandable as improvements are made to it.

1.8 Registration and security

The security of SA Online dictates many of the design features of the registration process. Taxpayers who had started to register seem to appreciate this need for security, the majority agreeing that balance between security and the number of codes and Activation PIN numbers was about right. Most also agreed strongly that the use of Activation PIN numbers and codes increased the security of the online system.

However, partially registered taxpayers were less positive. For example, 42% of partially registered taxpayers thought there were too many codes and Activation PIN numbers needed to register. This may have been a factor that prevented some taxpayers from completing the registration process.

Contact with HMRC during registration

A fifth of all taxpayers who started to register had to contact HMRC during the process, representing a big burden to HMRC call centre staff. Contact was usually made with the SA helpline or another unspecified helpline. In most

cases the taxpayer's query was resolved at the first contact. Around 40% said they either needed to make contact more than once to get their query resolved or received no help at all. Taxpayers who contacted the SA helpline were more likely to have their query resolved at the first attempt than taxpayers who contacted other parts of HMRC. Success was much lower when they had contacted a local tax office or tax enquiry centre.

Levels of contact were highest among new users (who completed registration) and particularly among new users who experienced a problem while registering. This highlights the positive impact that contact with HMRC has for many taxpayers who start to register.

1.9 Problems with registration

Partially registered taxpayers dropped out at various stages of the registration process with 13% not even entering their full name at the start of the process.

The key drop out points during registration were (1) In between entering their name and choosing their password (where 26% stopped); (2) In between choosing their password and being given their User ID number on screen (a further 22%) and ; (3) In between receiving their Activation PIN in the post and entering this on the website to complete registration (22%).

The variation in dropout suggests there was a wide range of reasons why taxpayers did not complete registration. This is borne out by taxpayers' responses.

Partially registered taxpayers experienced fewer problems than they did in 2003/4. Many taxpayers in the previous survey gave multiple reasons for not completing the registration suggesting they had experienced a range of problems during registration. In 2005 most taxpayers gave a single reason for not completing the process. Most commonly partially registered taxpayers did not complete the process because it was taking too long (26%) or because of technological problems (21%). Changes to the registration process have had a positive effect on both these problems. In 2003/4 twice as many partially

registered taxpayers said they hadn't completed registration because it took too long. (53% in 2003/04)

Previous research did not unpick exactly what taxpayers meant by the registration process taking too long. In the current survey most commonly this related to taxpayers losing patience; there being too many stages to the process or; realising early on how long registration would take and giving up. A significant proportion of taxpayers were surprised by the number of stages involved and simply couldn't be bothered to complete it. One in five who said the process took too long said this was related to having to wait for their Activation PIN to arrive in the post. Of all taxpayers who had started to register only 27% said they had realised that they would have to wait for an Activation PIN in the post. This figure was even lower amongst partially registered taxpayers.

Over half (58%) of partially registered taxpayers said they were 'likely' to try and register again in future. i.e. the people who did not complete the process are not completely lost. They are actually more likely to try and register again than if they had never made this first attempt.

1.10 Suggested improvements

Taxpayers who had started to register suggested a wide range of improvements to the registration process. Comments often related to having to wait for an Activation PIN number to be sent in the post and fall into four categories: emailing the Activation PIN rather than posting it; not having to wait so long for the Activation PIN; making it clearer up front that you would have to wait; changing the process so they could access SA Online immediately. This echoes findings from 2003/4 which highlighted the Activation PIN as a source of irritation for many taxpayers.

Over 40% of all taxpayers who had started to register made no suggestion to improve the process (this includes taxpayers who experienced problems and partially registered taxpayers). This represents a combination of taxpayers saying they didn't know what could be improved and those who said the

process was fine as it was or they wouldn't change anything. New users were less likely to make a suggestion than partially registered taxpayers.

1.11 The Non-users

As indicated by previous research, non-users remain representative of the SA population. They have a similar sex, age and income profile to SA taxpayers generally. This is a reflection that the majority of SA taxpayers are still non-users.

Due to refinement of the SA process many older taxpayers (with income from pensions) are no longer required to complete a tax return. This has inevitably led to a slightly younger SA population. This may work in favour of SA Online – older non-users tend to be less frequent and sophisticated users of the Internet. Older non-users are also less likely to say they are 'likely' to register for SA Online in future.

Current non-users of SA Online Services are using the Internet more frequently than in 2003/4 when research was previously conducted. They are more likely to have access to the Internet at home, bank online, shop online, have broadband access at home and use the Internet on a daily basis. Non-users are also more sophisticated users of the Internet compared to Internet users in Great Britain more generally.

Despite the increase in Internet use, non-users are a lot less positive about technology than taxpayers who have started to register for SA Online. They were also more likely to have concerns about giving personal financial information on the Internet. However, as a group non-users are less negative about technology than they were 2-3 years ago. Non-user' attitudes towards technology are closely linked with their level of Internet use.

While no non-users have tried to register for SA Online 46% said they were likely to register for the services in future. A similar proportion (45%) said they had considered registering at some point in the past. The size of this group of willing taxpayers suggests good potential for increasing the proportion of SA

Online users in the future. Those least likely to try and register tended to be older and have income from pensions and have more complex tax affairs.

Regardless of whether they had considered registering, the most common reason for not registering was because they 'preferred to do it on paper'. This is consistent with previous research which suggested a sense of inertia among non-users. Other common reasons for not registering included: SA Online being too complicated; not trusting the system and; concerns over security and privacy.

Awareness of SA Online has reached saturation point. Previous research showed 97% of non-users had heard about SA Online and this is the same in 2006.

1.12 Overall conclusions and recommendations

The proportion of taxpayers who are starting to register (and completing the process) appears to be growing. To maintain this trend there are two issues the Department must continue to focus on: increasing the numbers of non-users who register for SA Online in the future and; reducing the proportion of taxpayers who start to register but do not complete the process

The most common perceived benefits of registering for SA Online prior to registration relate to the online tax return: taxpayers thinking thought it would be 'more convenient'; it would 'save time'; and would provide an automatic tax calculation.

HMRC's direct marketing has been effective over the last 2-3 years. Most taxpayers who had registered had been prompted by HMRC literature. TV advertising also remains effective at raising awareness of SA Online.

Almost half of taxpayers who had started to register for SA Online at *any point in the past* did not complete the process. This remains unchanged since the previous research: 47% incomplete in 2006 and 48% incomplete in 2003/4.

The proportion of partial registrations has dropped since 2003/4. In the last year, there were at least two fully registered 'new users' for every taxpayer who was 'partially registered'

Most partially registered taxpayers said they had not completed the process because it had taken too long. The most common points in the process where taxpayers dropped out were: between entering 'known facts' and receiving a User ID; between receiving an Activation PIN and returning to enter this on the HMRC website or; when entering the Activation PIN on the website and the PIN not being accepted.

The SA and Online helplines should be promoted more strongly. These are the most effective channels for resolving problems during registration. Many taxpayers who had contacted HMRC during registration had made contact through inappropriate channels. Where online help is provided on screen, it should be adjacent to the section of the process that is being completed.

While the majority of taxpayers who started to register thought that the registration process was easy, a significant proportion also thought that the process took more time than they had expected. Taxpayers who thought it took more time than expected said they would have been less likely to register if they had known this upfront.

Registering for SA Online is seen as a secure process both in its own right and compared to the security on the Internet more generally. Most taxpayers who had started to register thought the balance between the need for security and the number of access codes was about right.

There is evidence to suggest there is a significant number of non-users who may be willing to use SA Online in future. Non-users are more positive about technology than Internet users in the country generally. HMRC can expect the proportion of individual taxpayers who register for SA Online to grow.

Awareness of SA Online is at saturation point. Nearly all non-users had heard about SA Online. The most common reason for not registering for SA Online was a preference to the paper tax return. HMRC marketing should therefore concentrate on promoting the benefits of using SA Online to non-users rather than on raising general awareness of the services.

2 Introduction

As an organisation HMRC has direct contact with the general public on a massive scale and offers a wide range of services to individuals, financial professionals and companies. Partly due to this volume of contact, one of the ongoing aims of the Department is to ensure that 100% of its services are offered electronically. The key services HMRC currently offer electronically include companies or agents being able to submit Corporation Tax returns online, employers or agents being able to submit PAYE returns and forms over the Internet, individuals or families being able to apply for Tax Credits online, and SA taxpayers or their agents being able to file tax returns online.

The research presented in this report focuses on Self-Assessment (SA) Online. More specifically the research looked at registration for SA Online among unrepresented, individual taxpayers. The research therefore excluded taxpayers who use an accountant to complete their tax return. SA Online refers to the suite of services that are available to Self-Assessment (SA) taxpayers including the ability to submit their annual SA tax return online.

SA Online has been available since 2000 and the number of tax returns that are submitted online has increased steadily since then. The current HMRC target is to have 35% of all SA tax returns filed online by 2007/8. The most up-to-date figures indicate that around 23% of all SA taxpayers filed a tax return online in 2004/5.

Improvements have been made to SA Online over the last 2-3 years. Firstly the registration process has been updated significantly. A greater level of online help has been added answering frequently asked questions and explaining exactly what pieces of information the registering taxpayer needs to input at each point. Better signposting has also been added to the process, including a progress bar at the top of the screen that indicates how many of the steps in the registration process have been completed and it has been made clearer up-front what information is needed in order to register.

Taxpayers still need several pieces of personal data to register and still need a User ID, an Activation PIN and password before they can access SA Online.

SA Online itself has also been updated significantly. The online tax return remains largely unchanged but registered taxpayers can also access the following services:

- 'Submit' – the online tax return
- 'Liabilities and Payment' – including online statements
- 'Self-serve' – including changing personal details
- 'Customer Services' – including communicating with HMRC by email and receiving emails in a secure inbox on the website
- 'Pay' – make payments online

2.1 Refinement

As well as these changes to SA Online, the self assessment regime has gone through a process of 'refinement' over the last two or three years. A review was undertaken to identify taxpayers with relatively simple tax affairs which could be dealt with via the existing PAYE system rather than having to complete a tax return. Several hundred thousand SA taxpayers were identified as suitable for refinement and as a result are no longer required to complete a SA tax return. SA taxpayers who were selected for refinement included a disproportionate number of pensioners and higher rate taxpayers.

This has affected the profile of SA taxpayers considerably since previous research was conducted for HMRC in 2004. In many ways the refinement process may have aided HMRC with their targets to increase the number of taxpayers who use SA Online. Previous research concluded that older taxpayers (esp. pensioners) were the least likely to adopt SA Online. Many of these older taxpayers have effectively been removed from SA due to refinement.

2.2 Objectives of the research

The overall aim of the survey was to '*generate findings on the customer experience of the SA Online Registration Process*'.

Within this there were five key objectives behind the research:

- To measure the percentage of previously unregistered / unrepresented individuals that began the registration process
- To identify what prompted interest in and the decision to register to use SA Online services
- To identify levels of and reasons for incomplete registration attempts to SA Online Services
- To assess experiences of and attitudes to the SA Online registration process
- To profile taxpayers who remain non-users of SA Online and identify barriers to registering for SA Online

2.3 Survey Methodology

The research centres on a large quantitative survey with a smaller qualitative stage which is described later in the introduction. As the key objectives for the survey involved measuring a number of factors (e.g. registration for SA Online) and profiling different groups of taxpayers a quantitative approach was used. Whenever there is a need to know how many people are in a target group or how many people behave in a certain way or believe a certain thing, then quantitative research is the most suitable methodology. A quantitative approach enables us to measure taxpayers' behaviours and the numerical data it produces can be used to profile and segment respondents. Qualitative research was used to complement the quantitative survey, allowing researchers to sit down with taxpayers and show them screen shots from the SA Online registration process. This allowed more in depth discussion about the registration pages. In contrast, the quantitative research relied on taxpayers' recall of the registration process.

For the quantitative survey, HMRC provided a sample of SA taxpayers who had not previously registered for SA Online. BMRB made a stratified random selection from this sample. Selected taxpayers were sent an advance letter explaining the purpose of the research and giving the opportunity to opt out of the research. Taxpayers who did not request to be removed from the survey were interviewed between January and February 2006. All interviews were carried out by telephone using CATI technology (Computer Assisted Telephone Interview).

The main purpose of the survey was to identify taxpayers who had started to register for SA Online and conduct an interview with them about the registration process. The research picked up two important sub-groups within this:

- New-users - Those who had completed the registration process and were able to use SA Online;
- Partially registered taxpayers - Those who had started to register but had not completed the process and were unable to use SA Online

In addition a sample of taxpayers who had never started to register were interviewed (the 'Non-users'). These non-users took part in a shorter interview which was used to develop a profile of who these people were and to identify what was stopping them from using SA Online.

The survey builds on previous research conducted by BMRB on behalf of HMRC. A similar survey of individual taxpayers who had not previously registered for SA Online was carried out between January and March 2004. The results from the current survey illustrate the picture two years on from 2004. Throughout the report results from the two surveys are compared to assess (i) how the pool of previously unregistered taxpayers has changed between 2004 and 2006 and (ii) how taxpayers' experiences of the registration process has changed.

2.4 Definitions of Key Groups

Before discussing the research findings it is important to clarify the meaning of key terms used throughout this report:

New users

New users were taxpayers who according to HMRC records were not registered to use SA Online prior to May 2005 but had completed registration by the time of the research. In order to count as a user a taxpayer had to be 'registered and able to use SA Online services'.

Partially registered

Partially registered taxpayers consist of SA taxpayers who were not registered for SA Online prior to May 2005 but had started the registration process at some point in the past. Partially registered taxpayers had not completed the registration process and were unable to use SA Online services.

Non-users

Non-users were taxpayers who remained unregistered for SA Online at the time of the research. This group consisted of SA taxpayers who had never even started to register for SA Online.

Self Assessment (SA) Online

SA Online refers to the whole suite of services available to taxpayers once they are registered. This includes the online tax return and the additional services which are available to taxpayers (such as the ability to make payments online)

2.5 Questionnaire development

The questionnaire was developed by BMRB research staff in conjunction with a Steering Group consisting of researchers from HMRC's Performance & Customer Experience team and colleagues responsible for operational aspects of SA Online.

The questionnaire was developed after a detailed meeting and demonstration of the registration process for SA Online. The aim of this meeting was to give

all members of the project team a clear understanding of how registration for SA Online works.

A questionnaire was piloted among a small number of Self Assessment taxpayers who had recently registered for SA Online. The pilot was carried out in December 2005 and consisted of 16 interviews. Results from the pilot were used to refine the content and structure of the final questionnaire. The pilot interviews were monitored by researchers from BMRB.

The questionnaire used in the main stage of the research can be found in the Appendix to this report along with a copy of the advance letter sent to taxpayers.

2.6 Qualitative Research

In order to explore customer experiences of the SA Online registration process in greater depth, a small scale qualitative study was also undertaken amongst sixteen unrepresented self assessment taxpayers. These were split equally between two samples:

- 'Recall sample' – consisting of partially registered taxpayers who had started to register but had not completed the process and were unable to use SA Online Services
- 'Action sample' – consisting of taxpayers who had never started to register for SA Online but were not averse to registering in principle

The samples reflected a mix of taxpayers who were either employed, self employed, or who had income from both PAYE and self-employment. The profile of participants in the qualitative study is shown in Table 2.6

Table 2.6 Breakdown of qualitative samples

	<i>Recall sample</i>	<i>Action sample</i>	<i>Total</i>
Total	8	8	16
Employment status			
Employed	6	4	10
Self-employed	0	2	2
Employed and self-employed	2	2	4
Complexity of SA tax affairs			
Simple	6	-	6
Complex	2	-	2
Stage of Registration reached			
Personal details	1	-	1
NI / UTR number entered	3	-	3
Received Activation PIN	4	-	4

The aims of the qualitative research were as follows:

- Recall - Taxpayers who had been unsuccessful in registering for SA Online
 - Identify the reasons for interest in and the decision to register
 - Explore the reasons for incomplete and unsuccessful registrations
 - Explore views about the SA Online registration pages in an offline demonstration web surf
- Action - Taxpayers who may consider registering for SA Online
 - Identify the reasons for interest in SA Online
 - Identify expectations of the SA Online registration process
 - Explore views about the SA Online registration pages in an offline demonstration web surf
- Consider changes that would:
 - Reduce unsuccessful attempts at SA Online registration
 - Enhance the SA Online registration process

The qualitative research comprised face-to-face interviews which were structured using a topic guide (see Appendix) and an off-line web-surf of the SA Online Registration web pages. This web-surf consisted of guiding respondents through a set of dummy screens taken from the registration process. The interviews were undertaken during February and March 2006.

The report focuses on the findings from the quantitative research. Findings from the qualitative stage are used to illustrate additional issues that the quantitative stage did not cover. Quotes from the qualitative stage are also used to provide some depth of understanding to findings from the quantitative survey.

Where qualitative quotes are used in the report, information is provided underneath showing the attributes of the respondent who gave this response. This attribute information includes: the sex of respondent; which of the samples they came from (action or recall); the number of SA tax returns they had completed in the past; and the employment status of the respondent (whether they were employed, self-employed, both or neither).

2.7 Notes on Analysis and Interpretation

The total number of taxpayers interviewed for the 2006 survey was 1569. This is a respectable number, and gives a robust sample to comment on. In addition, the sample was selected at random. We feel confident that the survey results are representative and reasonably reflect the general population of SA taxpayers. Further discussion of these points is offered in the technical annex.

Throughout this report, cross-tabulations of the survey data have been used in analysis. These include computer tables for each of the survey questions analysed by variables such as age, income and whether registered.

As part of the analysis, key results have been summarised in tables and charts, and followed up with detailed observations. In some cases a full analysis is not viable because the number of respondents giving a certain response is not high enough to be robust. Where this is the case an explanation has been given. Generally percentages are only quoted where 50 or more taxpayers gave the same response.

2.8 Structure of the Report

The remaining chapters of the report deal with the findings of the research:

- Chapter 3 – Awareness and attitudes towards SA Online prior to registration – examines how SA taxpayers were first made aware of SA Online and what encourage them to register for the service
- Chapter 4 – Registration for SA Online – looks at the process of registering for SA Online
- Chapter 5 – Perceptions of the registration process – looks at the perception of the registration process held by those SA taxpayers who started to register
- Chapter 6 – Problems with registration – discusses the problems experienced by SA taxpayers during the registration process. It focuses on why partially registered SA taxpayers did not complete the process as well as looking briefly at problems experienced by new users
- Chapter 7 – Non-users – develops a profile of those SA taxpayers who had still not attempted to register for SA Online by the time of the survey
- Chapter 8 – Conclusions and recommendations – draws together the key findings and conclusions from throughout the report and relates these back to the research objectives

3 Awareness and attitudes towards SA Online prior to registration

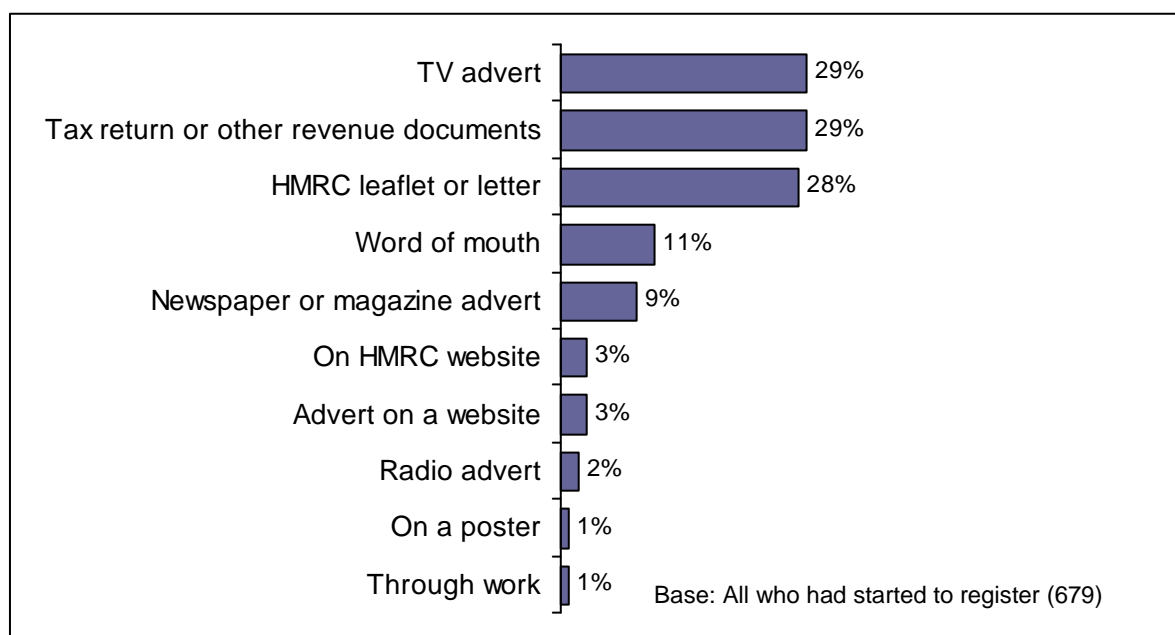
This chapter examines how SA taxpayers first became aware of SA Online and what features of the service initially encouraged them to register. Questions about awareness and perception of SA Online were asked of both new users and partially registered taxpayers.

3.1 Awareness of SA Online prior to registration

Respondents were asked where they had first found out about SA Online and the fact that they could submit their tax return online. The question was asked unprompted (i.e. no options were read out to respondents) so that taxpayers responses were spontaneous or top-of-mind.

Figure 3.1 shows that the most common sources mentioned by taxpayers in terms of where they had found out about SA Online were through TV advertising (29%), on the actual tax return or other HMRC documents (29%), or through a HMRC leaflet or letter. About one in ten taxpayers (11%) reported that someone had told them about it, perhaps indicating the potential importance of word of mouth. All other sources were mentioned by a much smaller number of taxpayers, and these included newspaper and magazine adverts (9%), adverts on websites (3%), and radio adverts (2%).

Figure 3.1 Where taxpayers first saw or heard about SA Online



Most of the specific sources mentioned by respondents can be combined into two broader categories. First, any mention of SA Online on HMRC forms, documents or other literature, and second, any publicity through formal advertising on TV, radio, posters, newspapers or magazines. Just over four in ten SA taxpayers who had tried to register (42%) mentioned that they had found out about SA Online by way of some type of HMRC literature, while a similar proportion (38%) had found out about it through adverts. This suggests that both broad methods of raising awareness about SA Online were equally effective.

Respondents who did not spontaneously mention advertising were also asked directly whether they remembered seeing or hearing any advertising about SA Online. When prompted in this way, just over seven in ten taxpayers (72%) said that they remembered seeing or hearing some form of advertising about SA Online (compared with 38% who had mentioned it spontaneously). When prompted about specific types of advertising, 57% of those who had tried to register said they remembered TV adverts for SA Online (29% spontaneous), 15% said they had seen adverts in newspapers or magazines (9% spontaneous), while 5% said they had heard radio adverts (2% spontaneous).

There was little difference between new users and partially registered taxpayers; both sets of taxpayers had heard about SA Online from the same sources.

3.2 Perceived benefits of registering for SA Online

All taxpayers who had started to register were asked what they thought the benefits of using SA Online would be prior to registering. The aim was to try and discover what motivated taxpayers to try to register in the first place before they had had any actual experience of the service. Respondents were presented with a list of possible benefits and were asked to select those which they had perceived to be a benefit before they had tried to register.

The results are shown in Table 3.2a. This shows that the benefits most commonly perceived by taxpayers were that SA Online would be more convenient for them (92%); that it was likely to be quicker and save them time (88%); and that SA Online allowed automatic tax calculation (77%). The thing that was least likely to be perceived as a benefit by SA taxpayers was greater security offered by SA Online compared with a paper return. This was mentioned by only a quarter of respondents (24%).

Table 3.2a Perceived benefits of registering for SA Online (prior to registration)

Base: All taxpayers who registered / started to register for SA Online (679)	(%)
More convenient	92
Quicker / Saves time	88
Get an automatic tax calculation when submit tax return online	77
Get a receipt when your tax return is completed	54
You can submit your tax return later in the year if you do it online	39
Faster repayments when you submit your tax return online	38
Can use the additional services that SA Online offers	35
More secure than completing a paper tax return	24

Comments from the taxpayers participating in the qualitative research reflect the same range of broad themes, as well as the benefits of instant filing and being able to retain an electronic copy of the tax return. As the following quote from a SA taxpayer who has never started to register indicates:

I guess the implication is that it is really easy I mean it is a lot easier than writing it all out and posting it and waiting to make sure that they have got it, because the other thing, when I am paid that money back, they didn't get my cheque or something, so I was paying interest a lot longer than I needed to. So I guess yes, if it could all be done instantly then that's a good answer.

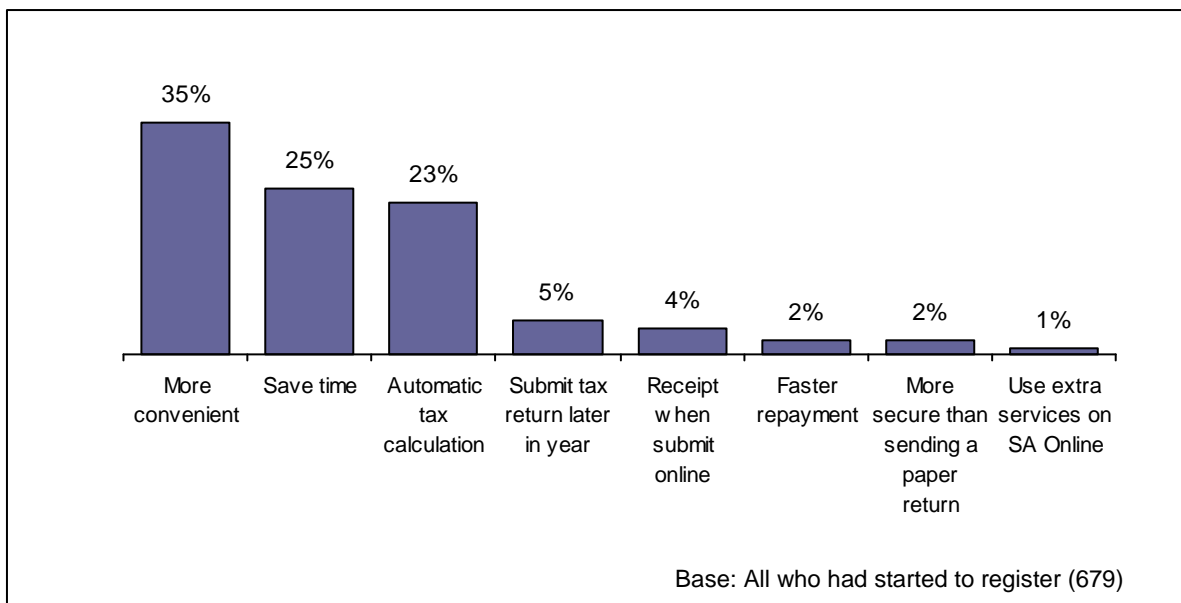
(Male, Action, More than 1 SA, Self Employed)

These findings suggest that SA Online has a range of potential selling points, which could be used to market the service to non-users. To try and understand what the most important drivers in encouraging taxpayers to

register for SA Online, respondents were also asked what they thought the single biggest benefit of registering was before they had actually done so.

Figure 3.2b below shows that the most commonly perceived single biggest benefit was that the service was more convenient. This was mentioned by 36% of taxpayers. A quarter of taxpayers (25%) mentioned the fact that it was quicker and would save time as the single biggest benefit, while the facility to automatically calculate tax was mentioned by 23% of taxpayers as the single biggest benefit.

Figure 3.2b Biggest perceived benefit of registering for SA Online (prior to registration)



It is perhaps unsurprising that taxpayers were more likely to mention generic benefits of SA Online such as it being more convenient, or quicker, rather than specific aspects of the service such as receiving a receipt or faster repayments. Before registering, most taxpayers probably only have a limited knowledge of the services available through SA Online, and so are more likely to perceive generic benefits of the service as a whole, rather than specific aspects of it.

This is illustrated by the fact that there were significant differences between new users and partially registered taxpayers. New users (who successfully completed registration) were more likely than partially registered taxpayers to perceive specific benefits. For example, 60% of new users mentioned receiving a receipt when submitting their tax return as a benefit compared with

only 47% of partially registered taxpayers. Similarly, 44% of new users mentioned the later deadline for submitting their tax return compared to 33% of partially registered taxpayers.

Of course this may suggest an element of post-rationalisation. New users who have registered and used SA Online will have seen what benefits *are* actually available and may be basing their response on their actual experiences.

Although respondents were presented with a list of specific benefits to choose from, they were also asked if there was any other benefits not already mentioned which they had perceived before trying to register.

The number of respondents mentioning other perceived benefits was relatively small but a few additional reasons emerged. These included the fact that it was simply easier, that it was more environmentally friendly by using less paper, it cost less, and more help would be available online.

3.3 Awareness of the SA Online Services before registering

The previous section found that 35% of taxpayers who started to register mentioned the additional SA Online services as a perceived benefit of registering. Taxpayers who started to register were asked which additional services they were aware of and which they had intended to use before actually registering.

The additional services include everything that SA Online offers apart from actually submitting an online tax return. These services have already been described in the Introduction. Table 3.3 shows responses from all taxpayers who answered these questions.

Table 3.3 Awareness of and intention to use additional services prior to registration

Base: All taxpayers who had started to register for SA Online (679)	Aware of (%)	Intended to use (%)
Received email acknowledgements (e.g. when tax return received)	50	27
Changing personal details online	46	22
Making payments online	43	22
Ask questions via email	40	19
Secure inbox on the SA website	22	11
View statements / liabilities online	19	10
Text message acknowledgements (e.g. when tax return received)	18	6
NOT HEARD OF OR NOT INTENDING TO USE ANY SERVICES	23	21

Nearly a quarter (23%) of all taxpayers who started to register said they hadn't heard of any of the additional services offered through SA Online, while 21% said that they had not intended to use any of the additional services before they registered.

The additional services that taxpayers were most commonly aware of prior to registering were being able to get e-mail receipts when, for example, submitting a tax return (50%), being able to change personal details online (46%), being able to make payments online (43%), and being able to ask questions by e-mail (40%). Less than one in five taxpayers who had started to register were aware of being able to view statement and liabilities online (19%) or being able to get text message acknowledgements (18%).

Awareness of the additional services prior to registration was higher amongst new users compared with partially registered taxpayers.

3.4 Key findings on taxpayers before registration

There are a number of interesting findings in relation to taxpayers before they started to register for SA Online

- Taxpayers who started to register had most commonly heard about SA Online through some kind of direct communication from HMRC (leaflets, the paper tax return.)
- HMRC advertising has also played an important part in raising awareness of SA Online – TV advertising was the single most common source for finding out about SA Online (29% of all taxpayers who started to register)
- Before registering most taxpayers thought the biggest benefit of using SA Online would be the increased convenience or speed of filing online. A large number also mentioned the automatic tax calculation as a benefit
- Only a third (35%) had thought the additional services would be a benefit of registering for SA Online
- A quarter (23%) of all taxpayers who started to register hadn't heard about any of the additional services prior to registering. However, 44% had not intended to use any of the additional services prior to registering

4 Experiences of Registration for SA Online

4.1 Introduction

One of the main objectives of the research was to measure the number of taxpayers who had started to register for SA Online. The research was interested in both the experiences of new users (who successfully completed the registration process) as well as partially registered taxpayers (who tried to register but were unsuccessful). Where taxpayers had tried unsuccessfully to register the research sought to identify the different stages of the registration process at which people were failing and the reasons for this.

Research carried out in 2003 found that at that time around 14.5% of eligible SA taxpayers had started to register for SA Online. However, around half of those who had started to register (48%) did not complete the process and were therefore counted as partially registered. The previous research estimated that 6% of eligible taxpayers had successfully registered for SA Online for the first time in 2003 and were new users.

4.2 The registration process

Up until 2003, taxpayers could register for SA Online either directly through the Inland Revenue website (now the HMRC website since 2005) or via the Government Gateway portal. The Government Gateway portal is a centralised website that allows members of the public to register for a range of government services including SA Online. During 2003 the registration process for Self Assessment taxpayers was refined so that virtually all taxpayers registering for SA Online came through a standard Inland Revenue branded site. It was hoped that standardising registration would simplify the process for both taxpayers and the Inland Revenue. Since the Inland Revenue has been rebranded, most taxpayers now register through the HMRC website although it is still possible to register directly through the Government Gateway.

Even though most registrations are through the HMRC website, the process is still controlled by the Government Gateway. This is so that registration for all government services is standardised. HMRC therefore have limited control over how the registration process operates.

Taxpayers who register for SA Online must complete a series of stages before they can access the services. These stages are as follows:

1. log on to the HMRC website, navigate to the SA Online pages and select the registration option;
2. enter their full name on to the website (name, e-mail address and a password of their choice);
3. choose and confirm a password;
4. enter their personal details on the website (National Insurance number and either their Unique Tax Reference (UTR) number or their postcode);
5. accept the terms and conditions of registration;
6. make a note of their User ID (displayed on screen at this point) and then wait for confirmation of their User ID and an Activation PIN to be sent by post to their home address. This normally arrives within 7 days;
7. once the Activation PIN has been received, log back on to the HMRC website and enter both their User ID and selected password;
8. and enter the Activation PIN that they were sent by post. The Activation PIN must be entered within no more than 28 days from the date it was issued. If this is not done the Activation PIN becomes invalid and the taxpayer has to apply to have it reactivated.

4.3 Internet access

In order to register for SA Online it is necessary both to be a user of the Internet and to have actually visited one of the websites through which it is possible to register (i.e. the HMRC website or the Government Gateway)

In total, just less than eight in ten taxpayers (78%) had used the Internet in the last year compared with 22% who had not used it. Among those who had used the Internet in the last year, almost all had used it at home (94%), slightly more than half (54%) had used it at work, while 14% had used it elsewhere.

Data from BMRB's TGI (Target Group Index) Survey shows that in 2005-6, 65% of adults in Great Britain had used the Internet in the last 12 months. This suggests that SA taxpayers as a whole are more likely to be users of the Internet compared with the general population, a fact almost certainly attributable to their socio-demographic characteristics.

Although all SA taxpayers are notionally eligible to register for SA Online, not having used the Internet in the last 12 months is clearly a major barrier. While such taxpayers might start using the Internet in the future and so decide to register for SA Online, they are clearly the group of SA taxpayers who are least likely to register, or even consider registering, at the current time.

Since the main focus of the survey was on the registration process, respondents were asked early on in the survey whether they had used the Internet in the last 12 months, and those who had not were screened out of the rest of the survey.

4.4 Visits to the HMRC and Government Gateway websites

As mentioned above SA taxpayers can register for SA Online either through the HMRC website or the Government Gateway website. The latter allows members of the public to register for a range of government services offered by different departments.

The survey found that 44% of taxpayers had visited at least one of the sites at some point in the past, although this might well have been in connection with something unrelated to self assessment. The HMRC website was the more commonly visited site, with 66% of respondents having visited it compared with 39% who had visited the Government Gateway site.

Overall, more SA taxpayers had visited one or both of the sites compared with the previous survey (44% and 40% respectively). However, compared with the 2004 survey, taxpayers were more likely to have visited the Government Gateway site (39% and 14% respectively) but were less likely to have visited the HMRC website (33% and 38% respectively). This apparent drop in taxpayers having ever visited the HMRC site may reflect confusion amongst taxpayers between the HMRC brand and the old Inland Revenue brand.

4.5 Attempts to register and successful registration

Table 4.5a below shows that about a fifth of eligible taxpayers (21%) had attempted to register for SA Online. However, of those who started to register just over half (53%) reported that they had actually completed the process and were able to use SA Online. Taken together this means that about one in ten of all eligible taxpayers (11%) had successfully registered for SA Online for the first time in 2004/5.

Table 4.5a Breakdown of potential users of SA Online

Base: All taxpayers where information was obtainable (3,132)	Percent in sample (%)	Number in eligible population (N)
ALL PREVIOUSLY UNREGISTERED	100	3 million
Used Internet in last 12 months	78	2.3 million ¹
Visited HMRC /Government Gateway website	44	1.3 million ¹
Started registration process	21	630 thousand ²
New user (registered successfully)	11	330 thousand ³

The population figures quoted should be treated as a range. Each figure has an associated confidence interval (¹ ±55,000, ² ±45,000, ³ ±30,000 - at 95% confidence level). Confidence intervals are discussed in the Technical Annex.

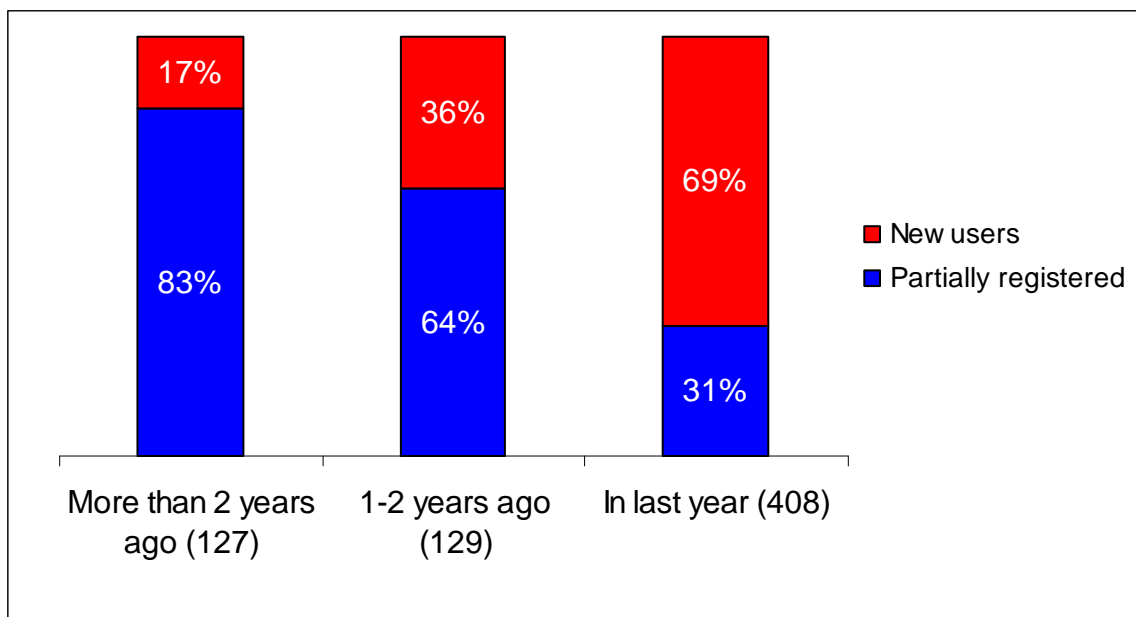
Comparing these figures with the previous survey suggests that the overall level of interest in SA Online is higher compared with the last survey, with more taxpayers trying to register for SA Online. Thus, the proportion of eligible taxpayers who started to register for SA Online increased from 14.5% in the 2003/4 survey to 21% in the 2006 survey. However, there seemed to be no improvement in the actual proportion of those trying to register who were actually successful, with 52% being successful in 2003/4 compared with 53% in 2006.

Taking together both partially registered taxpayers and new users, means that the proportion of taxpayers who successfully registered for the first time increased from 8% in 2003 to 11% in 2006.

Only about half of taxpayers who started to register were successful (53%). There seems to be little improvement between the two surveys, which may seem disappointing but it is important to understand this in the context of the survey. The research asked taxpayers whether they had ever tried to register for SA Online, and therefore includes taxpayers who unsuccessfully attempted to register several years ago when the service was extremely new, and have not tried again since then.

In fact among taxpayers who had ever tried to register for SA Online, 60% had last tried within the last year, 19% had last tried between 1 and 2 years ago, while 18% had last tried more than 2 years ago. Figure 4.5b. below shows that when the success rate is looked at by when respondents last tried to register there is a noticeable increase in successful registration with time. Thus, taxpayers who had started to register within the last year were more than four times as likely to be new users compared with those who had last started to register more than 2 years ago (69% and 17% respectively).

Figure 4.5b Ratio of new users: partially registered related to when started to register



From HMRC records taxpayers who were new to SA in 2005 could be identified in the data. 23% of new users were new to SA in 2005, compared with just 7% of partially registered taxpayers. So looking just at taxpayers who were new to SA in 2005 the ratio of complete to partial registrations was at least three to one, i.e. for every three attempts at registering just one was incomplete / unsuccessful.

4.6 Estimating the number of taxpayers registering for SA Online

One of the important aims of the survey is to extrapolate the results from the survey to estimate the actual number of taxpayers in the population who registered for SA Online for the first time. At the time of the current survey, HMRC estimated that around 3 million unrepresented taxpayers were yet to

register for SA Online. This represents the population of SA taxpayers who were notionally eligible to register for SA Online around the time of the survey.

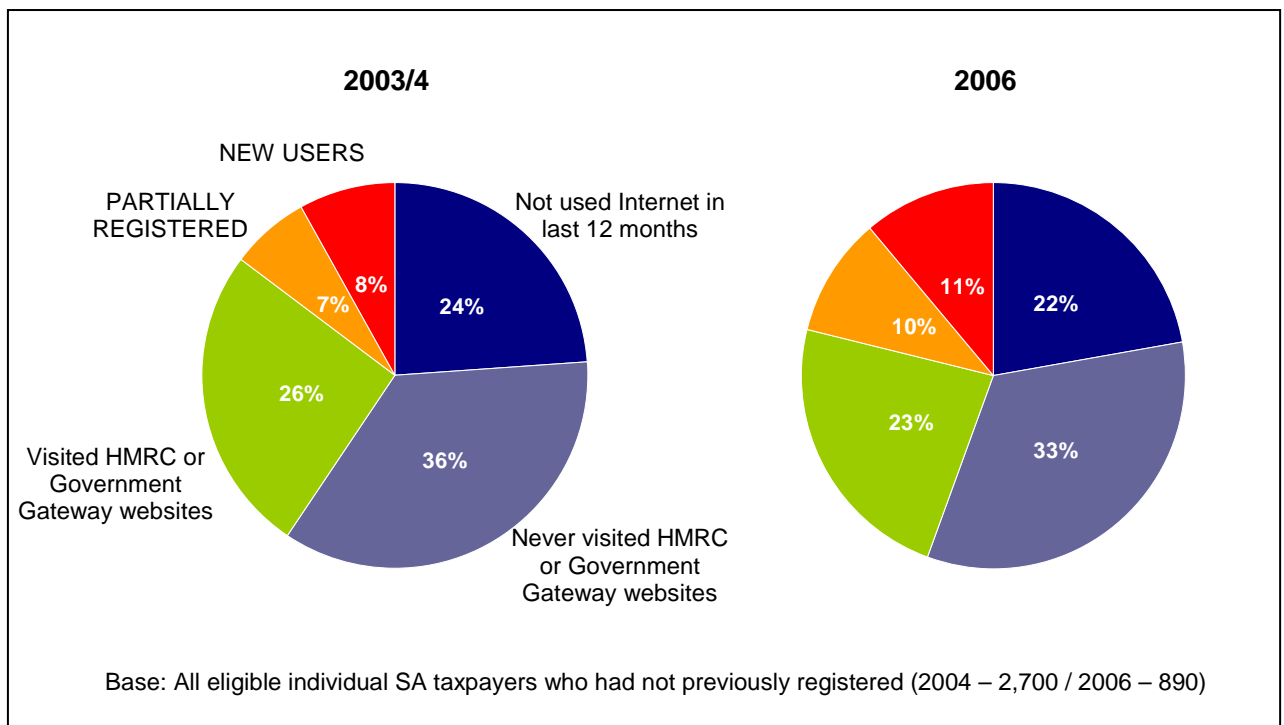
As discussed above the number of eligible taxpayers who actually did successfully register for SA Online depends on a number of factors, namely use of the Internet, visiting the websites that allow registration, attempting to register, and actually completing the process. At each of these stages a certain number of taxpayers will ‘fall out’ of the population as shown in Table 6.1.

This shows that around 630,000 unrepresented SA taxpayers started to register for SA Online in 2004/5, while around 270,000 successfully completed the registration process and were able to use SA Online services.

4.7 Comparing levels of registration – 2003/4 and 2006

Throughout this section we have compared the results from the previous survey in 2003/4 with the current survey. Figure 4.7 summarises these differences and illustrates how the population of SA taxpayers who were eligible to use SA Online has changed between the survey periods:

Figure 4.7 Comparison of registrations between 2003/4 and 2006



4.8 Number of attempts needed to register for SA Online

Three-quarters of new users (75%) who had successfully completed the registration process had done this at their first attempt, 17% had taken two attempts, while 6% had taken three or more attempts to register.

Partially registered taxpayers were most likely to have tried on just one occasion. Eight in ten (80%) partially registered taxpayers had tried just once, 9% had tried on two occasions, while 6% had tried on three or more occasions. The fact that most partially registered taxpayers have tried to register only once may reflect the bad experiences some of them had. It is likely that some taxpayers who experienced problems with the registration process decided never to try and register again in future. Problems with registration are discussed later in Chapter 6.

4.9 Key findings on new registrations for SA Online

Levels of registration appear to have increased over the last 2-3 years:

- More eligible SA taxpayers are using the Internet than they were in 2004 (78% compared to 76% in 2003/4)
- More eligible taxpayers are visiting the HMRC and Government Gateway websites (45% compared with 40% in 2003/4)
- The proportion of eligible taxpayers who have started to register at some point in the past has increased (21% compared with 15% in 2003/4)
- The proportion of partial / incomplete registrations appears to be dropping. 69% of all taxpayers who had started to register in the last year completed the process.
- An estimated 630,000 eligible taxpayers had started to register at some point in the past with around 330,000 having completed registration (the new users)

5 Perceptions of the registration process

This chapter looks at what taxpayers who started to register for SA Online thought about the process itself. Questions about perceptions of the registration process were asked both of new users and partially registered taxpayers. The chapter includes perceptions about the speed and ease of registration, the security of the registration system, and views on the online guidance and help. The chapter concludes with taxpayers' suggested improvements to the registration process.

5.1 Speed of registration

Taxpayers who had started to register were asked whether the registration process took more time to complete than they expected, about what they expected, or less time than expected.

Respondents were most likely to report that the registration process had taken them more time than they had expected. Thus, over four in ten of those who had started to register (43%) said it had taken them more time to complete, compared with 21% who said it had taken them less time than they had expected. Among those who said it took them longer than expected, 24% said it took them 'a lot' more time than expected, while 19% said it took them 'a little' more time than expected.

Partially registered taxpayers were more likely than new users to feel that it had taken them longer than expected. Thus, half of partially registered taxpayers (49%) felt that it had taken them more time than anticipated, compared with only 37% of new users. However, even new users (who had successfully registered for SA Online) were more likely to feel it had taken them more time than they had expected, rather than less time (37% and 27% respectively).

Taxpayers who had started to register were asked whether they would have been more or less likely to have tried to register if they had known how long it would take beforehand. This question was only asked of people whose expectations had been different from the reality.

Over half of respondents (56%) said it would have made no difference to their decision to register if they'd known how long it would take beforehand. Just 13% said they would have been *more likely* to register if they had known how long it would take, compared with 29% who said they would have been *less*

likely to register. In fact, over a fifth of respondents (22%) said they would have been ‘a lot’ less likely to register if they had known in advance how long it would take.

Not surprisingly respondents who felt registration had taken a lot longer than expected were much more likely than those who felt it only took a little longer than expected to say that this might have influenced their overall decision. Thus, 60% of those who said it took a lot longer also said they would have been less likely to register if they had known beforehand compared with 19% of those who said it took a little longer than expected.

As already mentioned, because the survey included respondents who had started to register for SA Online, the perceptions of respondents may be influenced by when they last tried to register. Thus, 39% of those who had started to register in the last year said it had taken them more time than expected compared with 49% of those who had last tried to register more than a year ago. By contrast, respondents who had started to register in the last year were twice as likely as those who had started to register more than a year ago to feel it had taken them less time than expected (26% and 13% respectively).

Table 5.1: Whether registration process took more or less time than expected

	When last registered / started to register for SA Online		
	In last year %	More than 1 year ago %	Total %
A lot more time	20	30	24
A little more time	19	19	19
As long as expected	29	27	28
A little less time	16	9	13
A lot less time	10	4	8
Don't know	5	11	8

Taxpayers in the qualitative study shed some light on these findings. The 'started to register' group considered the SA Online registration process to be long-winded for three reasons. Firstly, the HMRC Home Page was considered very cluttered, and while it offered a range of services, the page contained too much information and a lack of a clear registration point for SA Online.

'There is a lot of text on the page and lots of links so I don't know which one to go for, I can see four places that I can go to for Self-Assessment'

(Female, Recall sample, Completed more than 1 SA tax return, Employed)

'You know it is just a picture of an attractive girl. I object to that you know that has cost me download time. If that page only had text on it I would like it better.'

(Male, Action sample, Completed more than 1 SA tax return, Both Employed and Self-Employed)

Second, taxpayers were surprised at the number of pages that they needed to complete in order to successfully register, comparing this with what they saw as a simpler system of capturing registration information on a single web page that is used by commercial organisations.

'I was clicking from page to page and got frustrated, I gave up and thought I'll come back tomorrow and then you leave it sometimes and you don't want to waste a lot of time because there are so many things popping up on the computer and you just go from one (page) to another'

(Female, Action sample, Completed 1 SA tax return, Employed)

Third, there were specific design elements which were thought to slow down the registration process. For example, having to work out the meaning of jargon used on the registration page, with 'Agents' and 'T & C's' both being mentioned. The small font size and the use of green text made reading the pages difficult for some taxpayers which also slowed the process of registration down.

'Well I suppose, if you were going to really be picky, I suppose the print is a bit small and difficult to read'

(Male, Recall sample, Completed more than 1 SA tax return, Both Employed and Self-Employed)

5.2 Ease of registration

Respondents who had started to register for SA Online were asked to rate the process in terms of how easy or difficult it was to register. The overall results are shown in Table 5.2a below.

Table 5.2a: How easy or difficult it was to register for SA Online (%)

	New users	Partially registered	Total
	%	%	%
Very easy	21	14	17
Fairly easy	59	42	51
Fairly difficult	15	20	17
Very difficult	3	16	9
Don't know	2	8	5

Overall these findings suggest a positive picture of the registration process, with over two-thirds of taxpayers (68%) saying the process was either 'very' or 'fairly' easy compared with just over a quarter (27%) who said they found the overall registration process 'very' or 'fairly' difficult.

Factors that seemed to be related to difficulty in registering were age, whether or not the registration process was successfully completed, and when taxpayers had last registered for SA Online.

Unsurprisingly new users were more likely to think the process was easy compared with partially registered taxpayers (80% and 56% respectively). Partially registered taxpayers were twice as likely as new users to regard the registration process as difficult (36% and 18% respectively).

Older people also perceived the registration process as being more difficult compared with those in younger age groups. Over three-quarters of those aged under 40 (76%) thought the registration process was either 'very' or 'fairly' easy, compared with 65% of those aged 40 or over.

There was also an association between the perceived ease of registration and when taxpayers had last tried to register. Taxpayers who had last tried to register in the last year were more likely to rate the process as easy compared with taxpayers who had last tried to register more than a year ago. Of those who tried to register in the last year, 74% described the process as easy compared with 59% of those who last attempted to register over a year ago.

Table 5.2b: How easy or difficult it was to register for SA Online (%)

	When last registered / tried to register for SA Online		
	In last year	More than 1 year ago	Total
	%	%	%
Very easy	21	11	17
Fairly easy	53	48	51
Fairly difficult	17	20	17
Very difficult	6	14	9
Don't know	3	7	5

5.3 Comparing SA Online registration with registration for other services

New users (who had successfully registered for SA Online) were also asked how easy or difficult they felt it was to register compared to other online services, such as online banking

Among respondents who were able to give a comparison, 42% felt that registering for SA Online was about the same as registering for similar online services they had used. About one in five users (19%) felt that registration was easier compared with other online services they had registered for, while 28% felt it was more difficult.

Findings from the qualitative study indicated that taxpayers thought that the SA Online registration process was more difficult than other online services because of the difficulties they experienced in finding the registration entry

point on the HMRC Home Page and SA Online registration required more navigation from page to page than other sites for which they had registered.

‘Normally when you go Online and you want to make, say a new Financial transaction, the logging in and the registering on the best websites quite straightforward, and they’re idiot proof and user friendly’

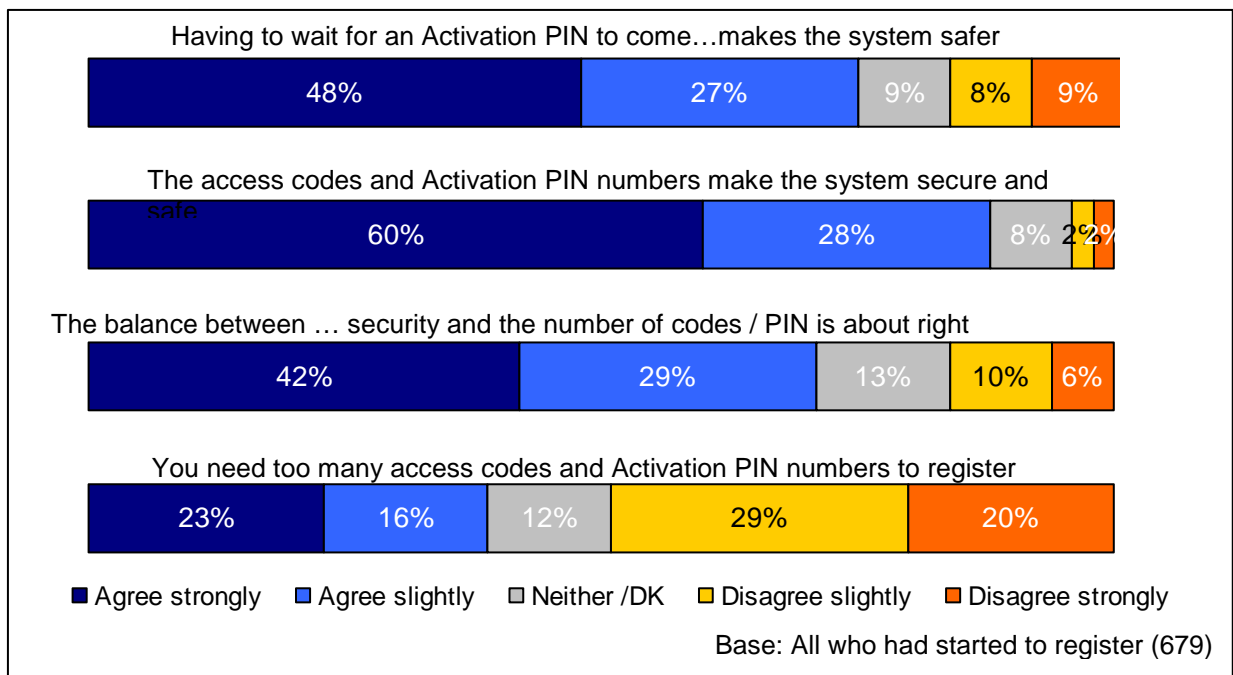
(Female, Action sample, Completed more than 1 SA tax return, Self-Employed)

5.4 Perceived security of registration and the Activation PIN

Previous research for HMRC identified problems in the registration process linked to confusion over User IDs and the Activation PIN number. The survey in 2004 found that problems with the Activation PIN number and other access codes had often been a reason why taxpayers had failed to complete the registration process. However, while it is important to try and make registration as easy as possible, this has to be balanced against the security of the registration process.

Taxpayers who had started to register were presented with a series of statements relating to User IDs and Activation PIN numbers and the importance of security in filing online. The results are shown in Figure 5.4 below.

Figure 5.4: Perceptions of security of the registration process



On the whole, taxpayers who had started to register seemed to recognise and appreciate the need for high levels of security in the form of User IDs and Activation PIN numbers. Thus, 75% of taxpayers agreed that having to wait for an Activation PIN to come in the post made the system safer, with nearly half (48%) of respondents 'strongly' agreeing with this statement

Almost nine out of ten respondents (88%) agreed that the access codes and Activation PIN numbers made the system safe and secure, with 60% of respondents saying they *strongly agreed* with this statement

Finally, about seven in ten respondents (71%) agreed that the balance between the need for security and the number of codes and Activation PIN numbers was about right.

While taken together these three statements suggest that the majority of taxpayers who have tried to register for SA Online appreciate and understand the need for high levels of security, however, it is not necessarily the case that respondents were content with the number of codes and Activation PIN numbers needed to register.

Respondents were also asked whether they agreed or disagreed that they needed too many access codes and Activation PIN numbers to register. This was a view that had been expressed in the previous survey. While about half of all those who had started to register for SA Online (49%) disagreed with the statement, about four in ten respondents (39%) agreed that they needed too many access codes and Activation PIN numbers, with nearly a quarter (23%) agreeing strongly with the statement. Those who had started to register but not completed the process were more likely to agree with the statement compared with those who had successfully registered (42% and 36% respectively).

The 'started to register' taxpayers in the qualitative study also thought that there were too many codes and Activation PIN numbers required, which made the registration process more difficult to complete successfully. Of more concern, however, was the need to wait for an Activation PIN to arrive in the post as there was a desire to be able to register and submit a tax return on the same day.

'So I put a day aside thinking right I have a list of things to do and one of those things that I will do is my tax return today. And I went to log on and it told me that I would get my password in about 14 days time through the post which was absolutely no use to me whatsoever'.

(Female, Recall sample, Completed more than 1 SA tax return, Self-Employed)

Respondents were asked to agree or disagree with a statement about whether they were concerned about the security of Self Assessment Online. The majority of respondents did not appear to be overly worried about security, with six in ten respondents (62%) disagreeing that they were concerned about the security of SA Online. A third of respondents (33%) disagreed strongly with this statement. However, just under a third of taxpayers (31%) agreed with the statement, suggesting that they were concerned about the security of SA Online.

Interestingly, there was no real difference between new users and partially registered taxpayers. This might suggest that while security concerns may remain an underlying concern for some taxpayers, they are generally not enough to stop taxpayers completing the registration process.

It is interesting to compare responses to this statement about SA Online security (Statement A below) with responses to a later question asked in the survey about whether respondents were concerned about the security of the Internet more generally (Statement B below).

- Statement A: *I am concerned about the security of SA Online*
- Statement B: *I am concerned about giving personal financial information over the Internet*

While the majority of taxpayers who had started to register (69%) either agreed or disagreed with both statements, there was some evidence that respondents felt less concerned about the security of SA Online compared with the security of the Internet more generally. Thus 36% of respondents agreed that they were concerned about giving personal financial information over the Internet, while disagreeing that they were concerned about the security of SA Online. Just 5% said they were not concerned about giving personal financial information over the Internet generally but *were* concerned about the security of SA Online.

Taken together the responses to these two statements might suggest that while security of the Internet as a whole remains a concern for many respondents, it is probably more of a back-of-mind concern, rather than something that acts as a serious barrier to using the Internet for financial transactions. Moreover, many taxpayers who had started to register showed less concern about the security of SA Online than about the security of the Internet in general.

5.5 Onscreen guidance and help

Throughout registration, onscreen guidance and instructions are provided to help people through the process. For instance at the start of the process taxpayers are told what pieces of information they will need to complete the process and are presented with schematic diagrams of the steps involved in registering. In addition to this general onscreen guidance a more targeted 'help' facility is available to taxpayers. This facility offers specific advice about what they need to fill in where and provides answers to frequently answered questions. To access the help facility taxpayers can either click on '?' icons next to whatever it is they need help with or wherever they see underlined text onscreen.

A small section of the questionnaire focussed on these issues, asking respondents about the clarity of online guidance / instructions, whether they would have liked more guidance and also whether they used the 'help' facility during the registration process:

5.6 Online guidance and instructions

The majority of taxpayers who had started to register (77%) found the online instructions and guidance 'clear'. Nearly a third (32%) said they were very clear, with 45% describing them as 'fairly clear'. Only four per cent of respondents described them as 'not at all clear'.

There was a noticeable difference between new users and partially registered taxpayers. While 41% of new users said the instructions were 'very clear', only 23% of partially registered taxpayers felt this to be the case.

Fewer than one in five taxpayers who had started to register (18%) said they would have liked *more* onscreen guidance. The majority (71%) said the level of onscreen guidance provided was 'about right', with there being no real difference between new users and partially registered taxpayers.

Not surprisingly, those who thought the online instructions were not clear were the most likely to say they would have liked more onscreen guidance. In fact, two-thirds (67%) of those who said the instructions were 'not very clear' or 'not at all clear' said they would have liked more onscreen guidance.

5.7 The Help Facility

Overall, 38% of taxpayers who had started to register had used the 'help' service. New users were more likely to have used the 'help' facility than partially registered taxpayers (49% and 26% respectively). This suggests that the help facility is serving a valuable function and actually helping taxpayers to successfully complete the registration process. However this may be in part because taxpayers who used the help facility were more tenacious generally; these were the people who really wanted to complete the process and were willing to work their way through the online help to find an answer.

Over half of taxpayers (54%) who had only received a tax return for one year had used the help service, suggesting that it is most helpful for or at least most widely used by people coming to Self Assessment for the first time.

Those who had used the help function were asked how easy or difficult it was to follow the help that was offered. Four-fifths of those who had used the help facility (80%) said it was either 'very easy' (29%) or 'fairly easy' (52%) to use. Again, new users were more likely to find the help function easy to use compared with partially registered taxpayers (85% and 71% respectively).

Encouragingly, 87% of the taxpayers who had only received a tax return for one year and who had used the help facility described it as 'easy' to follow.

5.8 Suggested improvements to registration

Respondents who had started to register for SA Online were asked for any improvements they could suggest to the registration process. This was asked in the form of an open ended (or unprompted) question, with respondents being asked what they would change about the registration process for SA Online if they wanted to improve it.

Around half of respondents made no suggestion for improving the system either by saying there was nothing they would change or they were happy with the system as it was (31%); or that they could not think of anything that would improve the system (16%).

While it has to be realised that such open-ended questions are difficult for many respondents to answer in the context of a survey, this finding does suggest that many taxpayers are broadly happy with the current process of registration.

Among those who did make suggestions for improvements, the answers given tended to be fairly generic rather than specific in nature. For example, there were general mentions of making the overall process simpler, speeding up the process, or providing more information, without any specific details of improvements that could be made to achieve these goals.

Suggested improvements were fairly wide ranging but the most common suggestions related to the number of passwords, User ID and, in particular to the Activation PIN.

- 7% suggested the Activation PIN should be emailed rather than posted;
- 5% said you should not have to wait so long for the Activation PIN;
- 3% said that it should be made clear that you will have to wait for an Activation PIN;
- 3% said the HMRC should stop sending Activation PIN numbers in the post.

The qualitative research supported this view with several respondents citing the delay in receiving an Activation PIN number as major barrier to the registration process:

We were ready to go. So then they posted it and of course it comes in the post and it is kept to the side, and then by the time we went back on it it was gone – how frustrating

(Female, Recall sample, Completed more than 1 SA tax return, Both Employed and Self-Employed)

Aside from the Activation PIN number, other suggestions pointed towards more general aspects of the process, such as making it 'faster' and 'simpler'. The message here seems to be that – aside from finding an alternative way of providing taxpayers with an Activation PIN number – there is no clear

consensus of what should (or could) be done to improve the registration process.

A small number of respondents (2%) did spontaneously suggest that allowing taxpayers to change their User ID would improve the process. While taxpayers can change their *password* in the current system, it is not possible to change their User ID.

As HMRC were considering the possibility of allowing users to change their User ID once they had registered, respondents were also asked directly how useful they thought it would be to be able to change their User ID. The question was only asked of new users (who had successfully registered). The majority of new users did think it would be useful to change their User ID. A third (34%) said it would be 'very useful' and a quarter (25%) said it would be 'fairly useful'. For a significant minority of respondents, however, this was not a major issue: 17% say it would not be very useful, with over a fifth (21%) concluding that changing their User I.D would be 'not at all useful'.

5.9 Key findings on taxpayers' experiences of registration

The majority of taxpayers who has started to register were fairly positive about the registration process although many thought the process took too long:

- Two thirds (68%) rated the registration process overall as easy (17% very easy / 51% fairly easy).
- Taxpayers who started to register in the year prior to the survey were more positive about the process than those who had started to register 2 or 3 years ago (77% rated the process as easy).
- Four in ten taxpayers who had started to register thought that the process took more time than they had expected. Those who thought it took more time than expected said they would have been less likely to register if they had known this upfront.
- Registering for SA Online is seen as a relatively secure process and the majority of those who had started to register (71%) agreed that the balance between the need for security and the number of codes and Activation PIN numbers was about right.

- Having to wait for an Activation PIN to arrive in the post was an issue for a significant number of taxpayers. The most common suggestions for improving the registration process were related to the delay this creates. 7% suggested the Activation PIN be emailed rather than posted and 5% suggested that they should not have to wait so long for the Activation PIN.
- The help facility and online instructions were used by significant numbers of taxpayers who had started to register. 80% who had used the help facility said the help they had been offered was easy to understand; 77% who had looked at online instructions and guidance said the information was clear.

6 Problems with registration

As discussed in Chapter four, at least one in three attempted registrations for SA Online end up either incomplete or unsuccessful. This chapter discusses the problems experienced by all taxpayers who started the registration process. Partially registered taxpayers (who did not complete the registration process) are discussed first looking at where they dropped out of the registration process and the problems that stopped them completing the process.

Problems experienced by new users (who completed registration process) are discussed later in the chapter.

6.1 Stages of registration completed

Partially registered taxpayers were asked a series of questions to determine where in the process they had stopped. Although this gives a good indication of the points within the registration process where taxpayers are most likely to stop it is worth noting that these findings will also be influenced by taxpayers' recall of the specific stages. In many cases the interview was conducted some months after the individual taxpayer had started to register and therefore some people may not have been able to remember each of the individual stages in detail.

Table 6.1 shows the proportions of partially registered taxpayers who reached each step of the process but did not go on to successfully register. As well as showing the proportion that reached each stage of registration, table 6.1 also shows the percentage of taxpayers who dropped out between each stage in the process.

Table 6.1 Stages of registration reached by partially registered taxpayers

Base: All partially registered taxpayers (321)	Total completed (%)	Level of fall-out at this stage (%)
Entered full name and email address on website	87	-13
Chosen and confirmed a password	74	-13
Entered personal details (UTR / NI number and postcode)	74	0
Received User ID (displayed on screen / received confirmation by post)	52	-22
Received Activation PIN (by post)	47	-5
Entered the Activation PIN on the website	25	-22

The table reveals two key points where partially registered taxpayers fall out of the process; in between entering their personal details¹ and receiving a User ID number and in between receiving their Activation PIN and returning to the HMRC website to enter the Activation PIN and complete the process.

The registration process has changed since research was conducted in 2004 so not all of the stages are comparable. However, these two key points remain the same now as they did in 2004. In 2004 fall out between entering personal details and receiving a User ID was 22% and fall out between receiving an Activation PIN and entering this on the website was 22%.

As in 2004 a significant proportion (25%) of partially registered taxpayers got to the final stage of entering their Activation PIN. The probable reason for failure at this final stage is because the Activation PIN has to be used within 28 days of being issued. After 28 days the Activation PIN expires and will not be accepted on the website even if all the preceding steps have been completed. This is discussed further in Section 6.2.

¹ Personal details refers to the 'known facts' for each taxpayer – their Unique Tax Reference (UTR) Number, National Insurance (NI) Number and postcode

Taxpayers were asked whether they realised they would have to wait for an Activation PIN to be sent in the post before they could access SA Online. Only a quarter (27%) of all taxpayers who had started to register for SA Online had realised this in advance. Partially registered taxpayers were less likely to have been aware of the need to wait for an Activation PIN: 75% said they hadn't realised this was the case compared with 67% of new users.

The HMRC site does tell taxpayers quite clearly at the start of registration that they will have to wait for an Activation PIN to be sent (with a schematic of each of the steps they must go through). However, the Government Gateway website is not as clear in this respect. At the start of the registration process on Government Gateway the explanation of the Activation PIN is off the screen. Users must scroll down in order to read about this. In other places where the Activation PIN is mentioned on screen it is usually imbedded in large passages of text. It is possible that taxpayers registering through the Government Gateway would have started to register without ever reading instructions relating to the Activation PIN.

Taxpayers in the qualitative study expressed similar views. They were either frustrated by being unable to register and use the SA Online site on the same day or had received their Activation PIN and then not used it.

'I now have to close down the process that I was going into in order to wait for a number to come back for me to get back onto the website. It was at that stage that I thought no, I can't be bothered with this'

(Male, Recall sample, Completed more than one return, Employed)

6.2 Factors that stopped taxpayers registering

As well as measuring where taxpayers dropped out of the registration process, all partially registered taxpayers were asked what it was that had stopped them. This question was prompted – asking taxpayers to select from one of the following options:

- The personal details you entered (for example, your password, Unique Tax Reference number, or postcode) were not accepted
- You had a technical problem – for example a computer crash or not being able to access the right page on the website
- It took too long to complete the online registration process

- You could not remember your password or your User ID when you tried to log in again
- Your Activation PIN was rejected because you didn't enter it within 28 days

The problems that stopped partially registered taxpayers from completing registration are summarised in Table 6.2.

Table 6.2 Problems that stopped taxpayers completing registration

Base: All partially registered taxpayers (321)	2006 (%)	2004 (%)
Took too long to complete	26	53
Technical problems	21	33
Activation PIN expired	19	22
Personal details not accepted	11	22
Could not remember password / User ID	10	9

Generally, reflecting the findings of the survey, the qualitative research found that taxpayers' lack of success in registering for SA Online services was for five reasons:

- Mechanics of registration
 - Not possible to register and file on the same day
 - Loss or problems with Activation PIN / password
- Taxpayer behaviour
 - Unable to find key information (e.g. UTR)
 - Allowed Activation PIN to expire
 - Security issues

The number of problems faced by each taxpayer has actually decreased since 2004. In 2004 41% of taxpayers who had not completed registration mentioned two or more of the problems shown in table 6.2. In 2006 this had dropped to 19%. This suggests the registration process has improved over the last two years and the level of frustration some taxpayers were experiencing in 2004 has reduced.

It was anticipated that technical problems and the length of the process would be the most common problems experienced. Therefore follow-up questions were asked where taxpayers had experienced these issues to establish exactly what the problem was.

6.3 Technical problems experienced while registering

Establishing the nature of a technical problem relied on the respondent both remembering what had happened and actually understanding what happened. In some cases it is safe to assume that a taxpayer would not be able to distinguish between the website being too busy or completely crashing.

Partially registered taxpayers who said they had not completed registration because of a technical problem most commonly said this was because the: website crashed (44%); an error message appeared (41%); the pages were unavailable (32%). This suggests most technical problems related to the HMRC or Government Gateway website not the taxpayers PC or operating system.

6.4 Problems with length of time taken to register

Partially registered taxpayers who said they had not completed registration because the process took too long most commonly said this was because: It had taken too long and they had lost patience (52%); there were too many stages (48%) or; realised early on how long it would take and gave up (43%). It appears that there is a sense of frustration among some taxpayers that there are too many steps required to complete the registration process.

Far fewer partially registered taxpayers said it was because the website was running too slowly (34%) or because the Activation PIN took too long to arrive (26%).

6.5 Likelihood of trying to register again in future

While partially registered taxpayers had experienced a range of problems this did not deter all of them from wanting to try again in future. In total 60% of partially registered taxpayers said they were very or fairly likely to try and register again in future (29% saying very likely). Of course this conversely means four out of ten (40%) of partially registered taxpayers said they were not very or not at all likely to try again in future. So a large proportion of taxpayers are put off using SA Online by a bad initial experience.

These findings are similar to those from the 2004 survey. Once taxpayers have made the decision to try and use SA Online many are keen to complete the registration at some point in the future.

6.6 Contact with HMRC during registration

Around one in ten taxpayers who had started to register for SA Online had contacted HMRC at some point during the process. The first observation here is that this represents an enormous volume of queries for HMRC to deal with.

Contact with HMRC during registration was linked strongly with experiencing problems. A third (34%) of taxpayers who experienced a problem during registration had contacted HMRC compared to just 13% who had experienced no problems.

The three most common reasons given for contacting HMRC were all related to the Activation PIN, User ID or password:

- Activation PIN number was rejected / could not activate Activation PIN
- To get a new Activation PIN
- Delay in receiving an Activation PIN
- To find out User ID / password

Percentages are not quoted here as the number of respondents who gave each response was too low to generate robust findings. Further explanation of this is provided in the Introduction to this report.

Although problems with registration seem to have prompted a large volume of contact with HMRC this is not all bad news. In fact new users were more likely to have contacted HMRC during registration than partially registered

taxpayers (25% compared with 18%). This suggests that contacting HMRC had a positive effect for many taxpayers helping them to complete the registration process. The 2004 survey produced similar findings in this area.

New users who had contacted HMRC and completed registration were more likely to have received the information they needed at the first point of contact than partially registered taxpayers (who did not complete registration). They were also more likely to say they were satisfied with the response they received when they contacted HMRC. These results are shown in table 6.6 illustrating the importance of making sure taxpayers queries are dealt with quickly.

Table 6.6 Contact with HMRC – Speed of problem resolution and satisfaction with response

Base: All who contacted HMRC during registration (147)	New users (90) (%)	Partially registered (57) (%)
Problem resolved at first attempt	74	51
Satisfied with response from HMRC	82	49

These results clearly suggest that contacting HMRC helped new users to complete the process. However it is probable that taxpayers who were willing to go to the effort of contacting HMRC were also the taxpayers who most wanted to complete the registration process in the first place. Therefore the higher levels of contact amongst new users may reflect an underlying tenacity to complete the process.

6.7 How taxpayers contacted HMRC during registration

Around one in five who contacted HMRC during registration didn't know which part of the Department they had contacted. Taxpayers who could remember had most commonly contacted the SA helpline (31% of all contacts) or some 'other' helpline (28%, i.e. when the taxpayer was unsure which helpline they had contacted).

There is in fact an Online helpdesk which is set up to deal with specific queries about HMRC's online services (including SA Online). Only around one in eight taxpayers who had started to register (14%) said they had contacted the Online helpdesk. This may be partly because taxpayers could not remember which helpline they had contacted.

However the results do suggest that many taxpayers who needed to contact HMRC were not using the most appropriate channels. A significant proportion of taxpayers had contacted HMRC through their own tax office (15% of all contacts made), or a tax enquiry centre (9%), further illustrating this point.

The part of HMRC contacted had a bearing on how successfully queries were resolved. 69% of taxpayers who contacted the SA helpline got the information they needed at the first attempt. This compares to 66% who contacted 'other' helplines, 45% who contacted their tax office, 38% who contacted a tax enquiry centre and 33% who contacted the online services helpdesk.

6.8 Key findings on problems with the registration process

The proportion of partial or incomplete registrations has dropped over the last 2-3 years but a significant number of taxpayers had experienced problems while they were registering:

- Partially registered taxpayers tended to drop out between entering their 'known facts' on to the website and receiving a User ID, or in between receiving their Activation PIN and entering this on the HMRC website (22% of all partially registered taxpayers dropped out at both these points).
- A quarter (25%) of partially registered taxpayers got as far as entering their Activation PIN – suggesting that in many of these cases their Activation PIN had expired.
- Seven in ten (71%) taxpayers who had started to register hadn't realised that they would have to wait for an Activation PIN to be posted to them.
- Partially registered taxpayers most commonly said they had stopped registering because the process took too long to complete (26%) or because of 'technical problems' (21%).

- Although many had experienced problems while registering - 58% of partially registered taxpayers said they were likely to try and register for SA Online again in the future.

7 Non-users

This chapter focuses on non-users, i.e. taxpayers who had still not attempted to register for SA Online by the time of the survey. Throughout the report this group are defined as non-users. In the current survey, unlike the 2003/4 survey, taxpayers who did not have internet access were filtered out at the beginning of the interview.

In this chapter, where comparisons are drawn between the current and 2003/4 surveys, taxpayers who had not accessed the Internet in the last 12 months are excluded from both sets of data. This is to ensure all comparisons are fair.

The focus of the research on non-users was to gather information on whether they had ever considered registering for SA Online, their reasons for not having registered, and the likelihood of them registering in the future. In addition the research gathered attitudinal and behavioural information with regards to technology and the internet in general.

The chapter begins by describing the demographic profile of the non-user group in comparison with taxpayers who had started to register for SA Online and then discusses the survey results in the following order:

- Tax affairs/schedules completed
- General Internet use
- Attitudes towards technology
- Awareness of SA Online
- Likelihood of using/Consideration of using SA Online in future
- Barriers to using SA Online

7.1 Notes on Analysis

Where comparisons are drawn between non-users and taxpayers who had started to register for SA Online, the latter group consists of new users (who had completed registration) and partially registered taxpayers (who had started to register but not completed the process).

When we refer to Internet users in Great Britain, comparisons are being made against data taken from BMRB's Target Group Index survey (Oct 2004-

Sept'05). The TGI survey comprises around 30,000 interviews a year including adults aged 18 or older who had used the Internet in the last 12 months. Several of the questions used in the current registration survey were worded identically to questions in TGI specifically to allow valid comparisons to be made.

7.2 Demographic profile of non-users

Age, sex, total personal income and sources of income for non-users in 2005/6 are summarised in Table 7.2 compared against taxpayers who had started to register for SA Online:

Table 7.2 Profile of non-users

	Base: All non-users (890) %	Base: All who started to register (679) %
Age		
Under 30 years old	9	10
30 – 39 years old	19	24
40 – 49 years old	26	28
50 – 59 years old	23	22
60 years plus	22	15
Sex		
Male	69	68
Female	31	32
Sources of income		
Employment	56	66
Self-employed	40	38
Pensions	31	21
Savings and investments	48	41
Total Personal income		
Under £20,000	37	29
£20,000 – £39,999	25	28
£40,000 - £59,999	12	17
£60,000 and over	10	12

Non-users have a subtly different profile to taxpayers who had started to register for SA Online. While there was no gender difference between the two groups, non-users tended to be slightly older. A relatively large proportion of non-users were aged 60 or over (22%) compared with just 15% of those who had started to register. As we will see, this also reflects a larger proportion of pensioners among non-users.

The proportion of non-users aged under 30 was also lower than the proportion among taxpayers who had started to register. This is probably related to two factors. Younger taxpayers tended to be more positive towards technology and the Internet so are more likely to be open to using SA Online. Secondly, younger SA taxpayers are more likely to have started self-assessing in the last few years. In recent years when taxpayers receive their very first tax return the accompanying literature contains a lot of information about SA Online aimed at encouraging new SA taxpayers to go online straightaway.

As well as comparing non-users against taxpayers who had started to register we were also able to compare them against the SA population more generally (i.e. all taxpayers who currently complete a SA tax return). Non-users are broadly representative of the SA population and this was the same at the time of the previous survey in 2004. This isn't really surprising as the majority of SA taxpayers remain unregistered for SA Online and are by definition 'non-users'.

7.3 Non-users' tax affairs / types of SA schedules completed

A relatively high proportion of non-users had received income from a pension (31% compared to 21% of those who had started to register) and savings or investments (48% compared to 41%). This is probably a reflection of non-users being generally older and therefore more likely to be retired from full-time work and related to this, non-users also tended to have lower incomes than users. Taxpayers whose main source of income is from a pension are likely to have a lower income than taxpayers who are still working full-time or are self-employed.

Based on information from their last SA tax return taxpayers can be classified as having either 'simple' or 'complex' tax affairs. Taxpayers with complex tax affairs are those who have income from sources which cannot be recorded on the standard online tax return. Most commonly this includes taxpayers with income from share schemes, land or property, partnerships and overseas income. For taxpayers who were new to SA in 2005 it was not possible to

know whether they had simple or complex tax affairs. They had not completed a tax return before and no information about their income was available at the time of the survey.

Around two thirds (69%) of non-users had 'simple' tax affairs compared with 73% of those who had started to register². So users were more likely to have simple tax affairs. This might be expected as a significant proportion of taxpayers with complex tax affairs would not be able to use the free online tax return. Currently the online tax return does not contain the pages that taxpayers need to complete if they have income from overseas, shares and partnerships (amongst others). This means a proportion of taxpayers with complex tax affairs are only able to file online if they use a piece of software which covers these extra types of income.

Looking at non-users as a group, their profile has not changed significantly since the previous survey in 2004. Results in 2004 showed many of the same patterns - non-users tending to be older than those who had started to register and more likely to be drawing an income from a pension.

7.4 Internet use among non-users

All non-users who currently used the Internet were asked a series of questions about their use of the Internet and attitudes towards technology.

Patterns of Internet use among non-users were similar to those among the population of adult Internet users in Great Britain. However compared to users of SA Online they were less experienced on all measures. Table 7.4 summarises the differences between the three groups on five key measures.

Table 7.4 Internet use among non-users

Base: All non-users who use the Internet (887) All taxpayers who started to register who currently use the Internet (679)	Non-users	Started to register	GB Users
	%	%	%
Internet access at home	89	97	91
Broadband access at home	65	81	49
Use Internet everyday / most days	62	89	52
Bank online	49	75	34
Pay for goods /services online	66	88	69

² This is based on all users where this information was available (i.e. excluding non-users who were new to SA in 2005)

Taxpayers who had started to register for SA Online were ahead of non-users on all measures of Internet use. This is to be expected as these taxpayers had already decided to try and use SA Online.

Compared to Internet users in Great Britain, non-users are about the same on some measures and significantly ahead on others. Roughly the same proportion of non-users and Internet users in Great Britain had Internet access at home and had used the Internet to pay for goods or services online. However, non-users were more likely than British Internet users to be using the Internet everyday or most days (62% compared to 52%). Furthermore, 65% of non-users had a broadband connection at home compared to just 49% of Internet users in Britain. In addition, non-users were significantly more likely than Internet users in Great Britain to bank online (49% compared to 34%).

In many ways banking online is the key measure here. One might expect taxpayers who bank online to be keen on using SA Online. Taxpayers who already bank online are already familiar with managing their finances online so it might seem a natural progression for them to deal with their tax affairs online. Since a half (49%) of non-users are banking online we might expect a significant proportion of non-users to be open to using SA Online.

7.5 Attitudes towards technology among non-users

Respondents were presented with four statements about technology and asked to rate their level of agreement with each on a five-point scale (ranging from agree strongly to disagree strongly). The four statements and the proportion of non-users agreeing with each are summarised in table 7.5. Once again non-users responses are presented alongside those of taxpayers who had started to register for SA Online to put the results in context.

Table 7.5 Attitudes towards technology amongst non-users

Base: All non-users (890) / All who had started to register (679)	Non- users %	Started to register %
When I need information, the first place I look is the Internet	70	84
I am concerned about giving personal financial information over the Internet	76	62
There is too much information available on the Internet to make sense of it	35	22
I try to keep up with developments in technology	78	86

Non-users are generally less positive towards technology on all measures when compared to taxpayers who had started to register. This is not surprising considering the nature of these groups in the context of this study. One would expect non-users, by definition, to be less ‘technology savvy’ than taxpayers who had started to register. Negative attitudes towards technology go some way to explain why non-users have chosen not to try and register for SA Online. This is discussed in greater detail in the section 7.5, which looks at non-users’ reasons for not registering for SA Online Services.

Non-users expressed specific concerns about giving personal financial information over the Internet. When presented with the statement “I am concerned about giving personal financial information over the Internet”, 76% of non-users said they agreed either strongly or slightly with this, compared to 62% of those who had started to register.

Although reasonably high proportions of non-users agreed that the Internet was the first place they looked when they needed information (70%), the level of agreement was higher still amongst taxpayers who had started to register (84%).

7.6 Comparisons with Non-users – 2006 and 2004

Non-user attitudes towards technology have changed considerably since previous research was conducted in 2004. Three of the same statements were used in the previous 2004 survey. These statements were:

- When I need information, the first place I look is the Internet

- I try to keep up with developments in technology
- There is too much information available on the Internet to make sense of it

Non-users in 2006 gave more positive response to all three of these statements than they did in 2004. This suggests non-users have become more positive about technology over the last 2-3 years.

Non-users' responses to the comparable statements can be combined into one net measure of 'technophobia'. Taxpayers had to respond to each statement on a five-point scale. Scores were assigned to each answer ranging from +2 for the most positive possible response (e.g. agreeing strongly with a positive statement) to -2 for the most negative possible response (disagreeing strongly with a positive statement).

Scores were aggregated across all three statements to create one net measure of technophobia. Taxpayers were then assigned to one of three groups based on their overall net score: non-users who were negative overall were classified as 'technophobes', those who were neutral / ambivalent about technology were classified as 'neutral' and those who were generally positive were classified as 'technophiles'.

This same measure of technophobia was re-created with the 2006 survey data and the relative proportions of taxpayers in each group are shown in Table 7.6 for the two surveys

Table 7.6 Index of technophobia in 2004 and 2006

Base: All non-users 2006 (890) / 2004 (2,308)	2006	2004
	%	%
TECHNOPHILES	52	45
NEUTRAL	31	32
TECHNOPHOBES	17	23

The proportion of non-users who can be described as technophiles has increased from 45% to 52% between 2004 and 2006. At the same time the proportion of technophobes has decreased from 23% to 17%. This is good

news from the point of view of expanding SA Online. Non-users represent the pool of potential new customers of SA Online. As these potential customers seem to be becoming more positive about technology and the Internet we might expect them to be more likely to use SA Online than they were in the past. Likelihood of registering for SA Online in the future among non-users is covered in Section 7.8.

This change in attitude towards technology may be partly explained by the process of Refinement. The whole SA system has been through a process of Refinement in the last 2-3 years which has left a large number of pensioners no longer needing to complete a SA tax return. Instead of having to complete a SA tax return these taxpayers' affairs are dealt with via the existing PAYE system.

This means the population of SA taxpayers has become slightly younger on average than before Refinement took place. Since older taxpayers are less positive towards technology and the Internet this is one feasible explanation. Increased positivity towards technology and the Internet is also no doubt a reflection of a general pattern in the population of Great Britain. Access to the Internet amongst the general population has increased massively over the last 2-3 years so we would expect to see a similar change among the SA population.

7.7 Awareness of SA Online amongst non-users

Awareness of SA Online amongst non-users remained unchanged since the previous survey in 2004. Almost all (97%) of non-users said they were aware of SA Online and the facility to file a tax return online. This is identical to the proportion in 2004. This backs up the previous conclusion that awareness of SA Online is at saturation point. Nearly all SA taxpayers are aware of the service. Even 96% of non-users who had received a tax return for the first time in 2005 were aware of SA Online.

This has implications for the marketing of SA Online in future. Virtually everyone who has to self-assess knows they can file online if they want to, it is now a question of prompting potential customers into using the services.

7.8 Likelihood of using/considering SA Online

Non-users were firstly asked whether they had ever considered filing online followed by how likely they were to register for SA Online in future.

45% of non-users said they had considered filing their tax return online at some point in the past. This figure has increased slightly since the 2004 survey when 37% of non-users with Internet access said they had considered filing online at some point.

Just under half (46%) of all non-users said they were 'very' or 'fairly' likely to register for SA Online. There is no direct comparison with the research from 2004 as the question was asked in a slightly different way in the previous study. However, the figure does at least appear comparable. In 2004 32% of non-users said they 'probably' or 'definitely' would use SA Online in future.

Non-users who were most likely to register in future / to have considered registering in the past tended to be younger, employed, have 'simple' tax affairs and be frequent users of the Internet. For instance 59% of non-users aged under 40 said they were likely to register in future compared to 46% overall.

The underlying factor is almost certainly related to age – older non-users tended to be less frequent users of the Internet and less positive towards technology generally. Pensioners may also have less of an interest in using SA Online as their tax affairs tend to be quite static. Sticking with the paper tax return they may find it easier to copy information across from previous returns year on year.

7.9 Perceived barriers to using SA Online

All non-users were asked about the perceived barriers to using SA Online. Those who said they had considered filing online in the past were asked why they hadn't actually registered. Those who said they hadn't even considered filing online were asked why this was.

In both cases the main reason for not registering for SA Online was a preference for the paper tax return:

- 31% of non-users who had considered but not registered
- 41% of those who had never considered registering

The second most common reason for not registering in both cases was that the online tax return was perceived to be too difficult or complicated. Of those who had considered filing online, 14% gave this reason compared with 12% of those who had not considered it. Full results from this question are shown below, separating responses from non-users who had considered filing online and those who hadn't even considered it:

Table 7.9a Reasons why never filed tax return online (if considered)

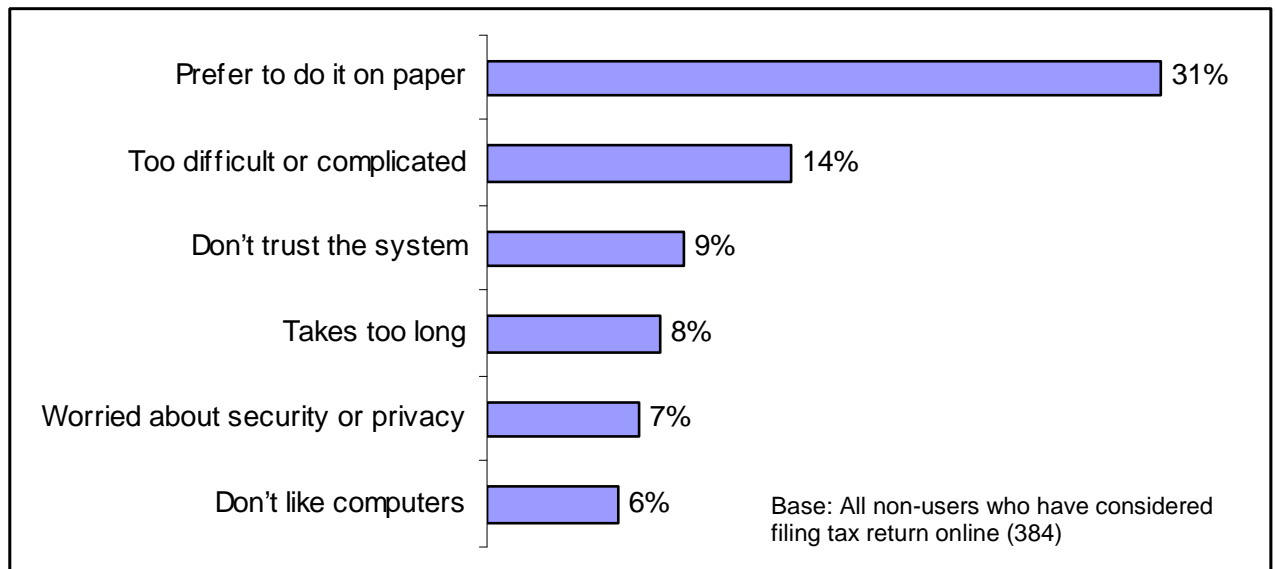
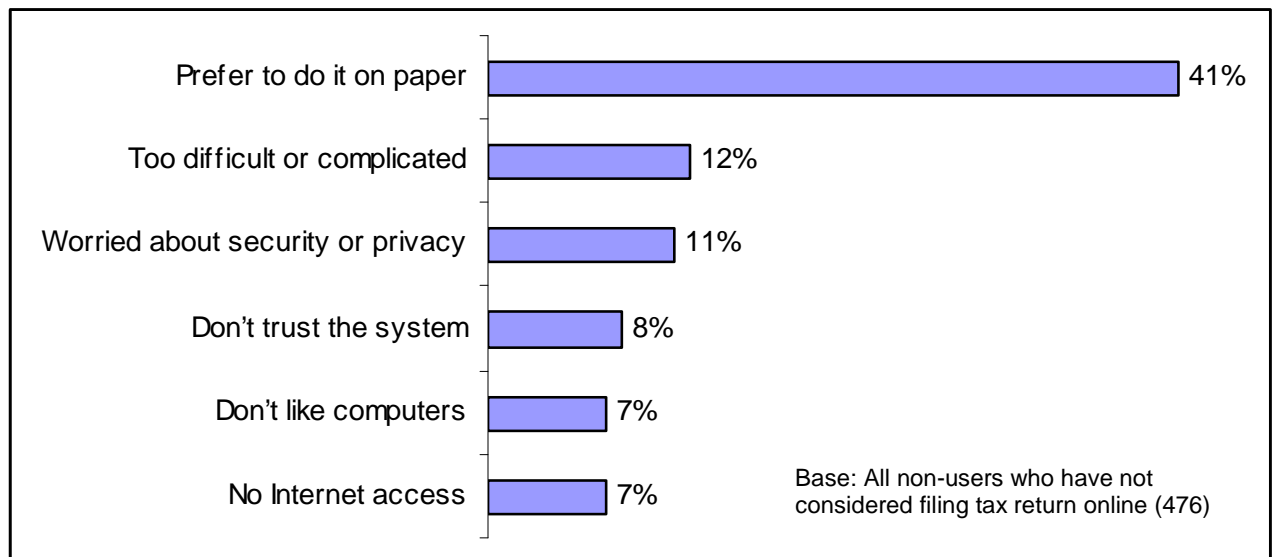


Table 7.9b Reasons not considered filing tax return online



Non-users who said they hadn't even considered filing their tax return online were more likely to be worried about security or privacy than those who had considered filing online. 11% of non-users who had never considered gave the reason for this as 'worries about security or privacy' compared to 7% of those who had at least considered it. This suggests that some taxpayers with these kinds of concerns had dismissed SA Online completely.

As 76% of non-users also agreed with the statement 'I am concerned about giving personal financial information over the Internet', there is a suggestion that many non-users do have genuine concerns about using the Internet to deal with their personal finances.

In the case of those who had considered filing online, 8% said they hadn't actually filed online because it would take 'too long'. Considering that two thirds (69%) of all non-users interviewed had 'simple' tax affairs this is perhaps to be expected. For non-users with simple tax affairs filing on paper may already be quite a quick and easy process; converting to filing online may be seen as an unnecessary effort for these taxpayers.

The qualitative findings are similar in many respects with a lack of confidence in dealing with financial matters online and security concerns about the Internet being raised. In addition, leaving it too late to register and receive the Activation PIN before the 31st January deadline was also a reason for not pursuing registration for SA Online services.

'The Inland Revenue either failed to send me the pieces of paper or they didn't arrive, and were never quite clear which, and I was getting a little agitated because the deadline was coming up, so I thought well I can print off the pages for myself, so I did go to the site for that purpose but filed on paper'

(Female, Action sample, More than 1 SA, Self-Employed)

7.10 Key findings on non-users

While non-users had not registered for SA Online, many were frequent Internet users and had a generally positive outlook towards technology.

- As a group, non-users were slightly older than taxpayers who had started to register for SA Online. They also tended to be on lower incomes, and have income from pensions or savings or investments.
- Almost all (89%) of non-users had used the Internet at home in the last 12 months. Non-users access the Internet less frequently than users, but are more experienced with the Internet than the population of British Internet Users.
- Awareness of SA Online remains at saturation point amongst non-users.
- Tendency towards filing online amongst non-users has increased since 2004 with 45% saying they had considered filing their tax return on line at some point.
- The most common barrier preventing non-users from filing online is a preference for the paper form. Tied into this are concerns about the

security of the system and a general feeling that it may be an unnecessary complication.

- Consistent with results from the previous survey, the taxpayers who are least likely to use SA Online in future are older and tend to be less frequent users of the Internet.

8 Conclusions and recommendations

This chapter draws together the key findings and conclusions which can be drawn from the research. These are related back to the five objectives of the research:

- To measure the percentage of previously unregistered / unrepresented individuals that begin the registration process
- To identify what prompted interest in and the decision to register to use SA Online services
- To identify levels of and reasons for incomplete registration attempts to SA Online Services
- To assess experiences of and attitudes to the SA Online registration process
- To profile taxpayers who remain non-users of SA Online and identify barriers to registering for SA Online

Where appropriate, recommendations are made on the back of these conclusions. Detailed summaries of specific research findings can be located at the end of each chapter and also within the Executive Summary.

8.1 Percentage of previously unregistered taxpayers that begin the registration process

At the start of 2005 the total number of individual SA taxpayers who had not registered for SA Online was estimated at around 3,000,000. Of these 3,000,000:

- 21% had started to register at some point in the past
- 11% were 'new users' – had completed registration
- 10% were 'partially registered' – had tried to register but did not complete the process

This equates to 650,000 SA taxpayers starting to register for the first time and 350,000 going on to complete the process and become full users of SA

Online. The proportion of previously unregistered SA taxpayers who had started to register has increased since 2004. Research conducted in 2003/4 suggested 14.5% of previously unregistered SA taxpayers had started to the process; this had risen to 20% by the time of the research in January / February 2006.

This is positive news for HMRC suggesting that the proportion of taxpayers who are starting to register (and completing the process) is growing. To maintain this trend there are two issues the Department must continue to focus on:

- Increasing the numbers of non-users who register for SA Online in the future
- Reducing the proportion of taxpayers who start to register but do not complete the process

8.2 Identify what prompted interest in and the decision to register to use SA Online services

The evidence suggests that taxpayers started to register because they thought that using the online tax return would be better than using the paper return in some way. The additional services that SA Online offers did not seem to be the primary reason for deciding to use SA Online.

The most common perceived benefits of registering for SA Online prior to registration all relate to the online tax return: 92% thought it would be 'more convenient'; 88% thought it would 'save time'; and 77% mentioned the automatic tax calculation. Only a small proportion of taxpayers mentioned the additional services as a perceived benefit prior to registration.

Awareness of the additional services before registration was moderate. Around a half of all taxpayers who started to register were aware of: email notifications when a tax return or payment had been received; changing personal details online; making payments online and; asking questions via a (limited) email service. Awareness was much lower for the secure inbox which

is available through SA Online; viewing statements / liabilities online and; text message notifications. A quarter of all taxpayers who had started to register (23%) said they hadn't intended to use any of the services or 'didn't know' whether they would or not.

Most taxpayers who had started to register had found out about SA Online through literature from HMRC. This suggests the Department's direct marketing has been effective over the last 2-3 years. However, TV advertising remains extremely effective at raising awareness (29% of taxpayers who had started to register said they had first heard about SA Online on a TV advert)

8.3 To identify levels of and reasons for incomplete registration attempts to SA Online Services

Almost half of taxpayers who had started to register for SA Online at *any point in the past* did not complete the process. This remains unchanged since the previous research: 47% incomplete in 2006 and 48% incomplete in 2003/4.

The proportion of incomplete registrations does seem to be dropping – just 31% of taxpayers who had started to register *in the year prior to the research* had not completed the process. In the last year, this equates to at least two fully registered 'new users' for every taxpayer who was 'partially registered'

There are three key points in the registration process which account for the majority of all incomplete registrations or 'drop-outs':

- Between entering 'known facts' and receiving a User ID
- Between receiving an Activation PIN and returning to enter this on the HMRC website
- Entering the Activation PIN on the website and the PIN not being accepted (most commonly because the Activation PIN had expired)

While technical problems were an issue for some taxpayers the most common reason for not completing registration was because the process took too long. This appears to relate to the Activation PIN being posted in many cases. Common suggestions for improving the process were to speed up the deliver of the Activation PIN or to email it rather than post it. It is important for HMRC

therefore to make it as clear as possible to taxpayers who register that they will have to wait for an Activation PIN. The Department do already mention this but there is an argument for making it clearer upfront in the registration process.

Taxpayers who used the help facility and/or contacted Revenue and Customs during registration were more likely to have completed the process. These are two areas the Department can focus in future:

The SA and Online helplines should be promoted more strongly. Many taxpayers who had contacted HMRC during registration had contacted them through inappropriate channels (such as their local tax office). If more taxpayers were directed to the correct helpline they would be more likely to get the correct advice and complete the registration process. Similarly, the online help was not always easy to find. Qualitative research indicates that online help should always be adjacent to the box / section of the process that is being completed.

8.4 Experiences of and attitudes to the SA Online registration process

The majority (68%) of taxpayers who had started to register thought that the registration process was 'easy' overall.

However, a significant proportion of taxpayers (four in ten) who had started to register thought that the process took more time than they had expected. Those who thought it took more time than expected said they would have been less likely to register if they had known this upfront.

Changes made by HMRC to the registration process seem to have improved the process. Taxpayers who started to register in the year prior to the survey were more positive about the process than those who had started to register 2 or 3 years ago.

Registering for SA Online is seen as a secure process both in its own right and compared to the security on the Internet more generally. Most taxpayers who had started to register also thought the balance between the need for security and the number of Activation PIN / access codes was about right.

8.5 Non-users and technology in 2006

Non-users are more positive about the Internet and technology on average than they were in 2003/4. A greater proportion of non-users can be categorised as 'technophiles' in 2006 than compared to 2-3 years ago. Two

thirds of non-users who use the Internet now have broadband access at home and a half bank online. Thus, all the evidence suggests there is a significant pool of non-users who should be willing to use SA Online (at least in principle). This is positive news for HMRC in terms of increasing the proportion of individual taxpayers who are registered for SA Online.

Awareness of SA Online is virtually at saturation point with 97% of non-users saying they had heard about the services. The most common reason for not registering for SA Online was a preference to the paper tax return. HMRC marketing should therefore concentrate on promoting the benefits of using SA Online to non-users rather than on raising general awareness of the services.